MINISTRY OF FOREIGN AFFAIRS OF DENMARK
DANIDA | INTERNATIONAL DEVELOPMENT COOPERATION

Danish Organisation Strategy for The Global Fund to Fight AIDS, Tuberculosis and Malaria

2014-2017

February 2014

1. Objective

The Global Fund was established in 2001 with the aim of gathering international support for the fight against AIDS, tuberculosis (TB) and malaria, and working with partners to support the most effective prevention and treatment. The Fund was established at the initiative of the then UN Secretary-General Kofi Annan, as an international financing institution – outside the UN system, as this was seen as increasing the potential of the Fund to attract private funding. The Global Fund is the largest global public-private partnership dedicated to attracting and disbursing additional resources for the fight against the three diseases. Its vision is to work towards a world free from the burden of AIDS, TB and malaria; its mission is to invest the money to save lives.

This organisation strategy for the cooperation between Denmark and The Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM or The Global Fund) forms the basis for the Danish contributions to the GFATM, and it is the central platform for Denmark's dialogue and partnership with the institution. It sets up Danish priorities for GFATM's performance within the overall framework established by the Global Fund Strategy 2012-16: Investing for Impact. In addition, it outlines specific results that Denmark will pursue in its continued cooperation with the organisation. Denmark will work closely with like-minded countries towards the achievements of results through its efforts to pursue specific goals and priorities.

The present Global Fund strategy covers 2012-2016. Denmark's organisation strategy for collaboration with GFATM will last until 2017, allowing work on the subsequent Danish strategy to start in 2016 based on the new approved GFATM strategy.

2. The Organisation

2.1 Basic Data and Management Structure

The Global Fund is an institution outside the UN system with a unique governance structure, operating as a partnership between governments, civil society, the private sector, UN agencies and affected communities. The Fund is governed by a 20-member international **Board** which includes representatives of donor and recipient governments, non-governmental organizations, the private sector (including businesses and foundations) and affected communities. Key international development partners also participate, including the WHO, UNAIDS and the World Bank as well as a number of public-private partnerships such as Roll Back Malaria, Stop TB, and UNITAID. The Board meets at least twice annually.

The day-to-day operations of the Fund, including resource mobilization, overseeing grant implementation and providing support to the Board are undertaken by the **Secretariat**. It is based in Geneva and has no staff located outside its headquarters.

Grant proposals are reviewed by **The Technical Review Panel**, an independent and impartial panel of international experts in health and development. The Technical Review Panel ensures that proposed interventions reflect current knowledge and best practice and recommends proposals for funding to the Board.

Established	2002
HQ	Geneva
Executive director	Mark Dybul
Replenishment 2014-16	USD 12.0 billion
Division of funding for the 3 diseases	50% for HIV, 32% for malaria and 18% for TB
Human Resources	550
Country presence	Around 150 countries
Denmark member of Executive Board	Alternate: 2013 – 2015 Board member: 2015 - 2017

Operations in the Fund's around 150 member countries are overseen by national **Country Coordinating Mechanisms** or CCMs. The CCMs comprise representatives from many sectors including government ministries, donor organisations and civil society. The Fund finds it important that people living with or affected by the three diseases and key affected populations (KAP)[1] are represented and actively engaged in grant implementation. The CCMs develop Global Fund financing applications, engage in periodic reviews of programmes financed by the Fund and nominate the so-called Principal Recipients (PR).

Principal Recipients receive Global Fund financing directly, and then uses it to implement prevention, care and treatment programs or passes it on to other organizations (sub-recipients) who provide those services. Many PRs both implement and make sub-grants. There can be multiple PRs in one country. The PR also makes regular requests for additional disbursements from the Global Fund based on demonstrated progress towards the intended results.

In each country a **Local Fund Agent** (LFA) is contracted by the Global Fund to provide independent, professional advice and information relating to grants and recipients in the country. The LFA assesses PR capacity and grant performance and plays a leading role in identifying risks, including risk of fraud. In the absence of a Global Fund country presence they are often described as the "eyes and ears" of the organisation.

Countries use Global Fund financing to implement programs based on their own needs – developed with input also from non-government partners in the country – and are responsible for the results and impact achieved. The involvement of the various partners is consistent throughout the institution from the governing Board and its committees to the Country Coordinating Mechanism and implementers on the ground.

Denmark is a member of Point 7, a Board constituency comprising Sweden, the Netherlands, Norway, Ireland, Luxemburg and Denmark. Denmark is at present (2013-15) alternate board member for this constituency and is scheduled to become a full board member from 2015 till 2017.

The donors that make up the constituency are like-minded, and the members share views in a number of important areas. The constituency members harmonise their points of view where possible. Individual members take the lead on different discussion items, and position papers are produced on important issues for discussion in the Board. The constituency is an important channel for Danish contributions to the current discussions at Board level.

2.2 Mandate and Mission

The purpose of the Global Fund is to "attract, manage and disburse additional resources through a public-private partnership that will make a sustainable and significant contribution to the reduction of infections, illness and death, thereby mitigating the impact caused by HIV/AIDS, tuberculosis and malaria in countries in need and contributing to poverty reduction as part of the Millennium Goals".

The cumulative signed funding by disease from 2002 till 2012 amounts to USD (in round figures) 13 billion for HIV/AIDS, 8 billion for malaria and 4 billion for tuberculosis. No other organisation working in international health development can match these figures.

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[1] Key population groups include women and girls, men who have sex with men, transgender persons, people who inject drugs, male and female transgender sex workers and their clients, prisoners, refugees and migrants, people living with HIV, adolescents and young people, vulnerable children and orphans, and populations of humanitarian concern.

2.3 Mode of Operation and Results so far

GFATM funding has contributed to impressive results in the fight against the three diseases. In round figures, 6.1 million people are now on antiretroviral AIDS treatment under programs funded by GFATM.

In the period 2006-13, 11.2 million have been treated for tuberculosis and 360 million insecticide-treated bed nets have been distributed in countries receiving support from GFATM.

Globally, an estimated 35.3 million people were living with HIV in 2012.This represents an increase from previous years as more people are receiving the life-saving antiretroviral therapy. There were 2.3 million new HIV infections globally, showing a 33% decline in the number of new infections from 3.4 million in 2001. At the same time the number of AIDS deaths is also declining with 1.6 million AIDS deaths in 2012, down from 2.3 million in 2005. In 2012 a record high of 9.7 million people in low- and middle-income countries received antiretroviral therapy.

HIV incidence and mortality are decreasing worldwide, although not everywhere. In a number of countries the HIV/AIDS epidemic is not yet under control and continues to be a challenge for the international control efforts, especially in Africa, where the social and economic consequences of HIV/AIDS remain considerable. Women and girls are more vulnerable to HIV infection than men, mainly because of social, economic, legal and cultural factors such as entrenched gender roles, unbalanced power relations, and violence against women, including sexual coercion. Globally, women account for 50% of all people living with HIV, and in sub-Saharan Africa they account for 60%.

Tuberculosis incidence rates (number of new cases) are declining in most countries receiving GFATM funding, and mortality rates are going down in about one third of the countries. Around 50% of the GFATM countries have met or are expected to meet the 2015 goal of 70% case detection and the goal of 90% treatment success rate. Multi-Drug Resistant TB, however, is a serious problem on the rise.

Also malaria incidence and mortality is declining in most countries receiving GFATM funding, contributing to reductions in child mortality. The target of 75% decline in incidence rate and mortality rate has been or is expected to be met in 27% of GFATM countries.

During the initial years, GFATM concentrated on channelling funds to what was seen as a global health emergency. As indicated elsewhere, the Global Fund is now redirecting its efforts towards investing more effectively in the most needy countries based on the lessons learned in the past, including the need for better alignment with country systems and more flexible funding application procedures that correspond with local needs.

2.4 Effectiveness of the Organisation

GFATM has been evaluated as part of the Danish Multilateral Development Cooperation Analysis[2] which uses MOPAN principles. The analysis is generally positive as regards GFATM which scores 5 points on Alignment, on Financing and on Partnership. GFATM scores 4 on organisational effectiveness, reflecting a perception that there is room for the improvement promised by the new organizational structure. Recent GFATM reviews by DFID[3] and a review by Norway[4] are both very positive.

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[2] Danida 2013: *Danish Multilateral Development Cooperation Analysis*. Copenhagen, April 2013

[3] *DFID's Multilateral Aid Review in 2011 assessed that GFATM provided very good value for money for UK Aid. A 2013 update concludes that "The scope of the Fund's reform over the past 18 months has been far-reaching: Substantial and difficult reforms encompassing all elements of its structure and operations from*

In the wake of the corruption problems in some countries receiving GFATM support in 2011, the Global Fund implemented a comprehensive reform programme addressing risk management, resource allocation, investments and evaluations, organisation of the secretariat and the management, governance, and resource mobilisation. As part of the governance reform and the appointment of a new Executive Director in 2012, the Global Fund has instituted a Finance and Operational Performance Committee to oversee financial management. An Audit and Ethics Committee with a majority of external members has been put in place through which the independent Office of the Inspector General provides assurance of design and control of effectiveness of controls in place to manage the key risks impacting GFATM's programmes and operations.

Additionally, a position of Chief Risk Officer has been created. One of the lessons learned was that this reform process should also address some of the more general challenges related to alignment with national plans and strategies as well as focusing on the poorest countries with the highest disease burden. There is still a need to review and improve the Country Coordinating Mechanisms (CCM) to ensure true and more inclusive partnerships and stakeholder involvement at country level. Still many CCMs are functioning as parallel structures and need to move towards better supporting overall health service provision.

The main reform initiative instigated over recent years has been the New Funding Model, where the Fund leaves its previous rounds-based financing model in favour of a more stable, predictable and aligned funding based on indicative funding frames at national level, linked to country specific circumstances, including the scope of the disease burden.

The New Funding Model (NFM) works on a flexible timeline, which means that eligible countries may apply whenever desired during the three-year allocation period (and not in specific years as in the rounds-based system) so that funding can be more in line with national budgeting cycles and country-specific demands. The model also simplifies the process of applying for a grant, and since all eligible countries receive an indicative funding amount, it also provides more predictability.

The NFM has a focus on high disease burden & low resources, and the Global Fund Secretariat engages more proactively in ongoing country-level dialogue and provides early feedback prior to the Board's approval of grants. This iterative process should lead to the support of high-impact investments and ensure disbursements can take place as soon as grants are signed. The NFM also offers more responsive and pro-active grant management, and oversight differs based on implementers' risk level.

The transition to the new funding model began in 2013 with a select number of early and interim applicants, and is on track for full implementation in 2014. Robust country dialogue is leading to a higher quality of proposals, more deliberate consideration of the highest-impact interventions for each country's epidemiological and programmatic context, and greater involvement of civil society and technical partners.

The Global Fund is also working to leverage its significant spending on commodities. The procurement and supply chain management of commodities accounts for about two-thirds of grant expenditures. By partnering with organizations such as the United Nations Children's Fund (UNICEF), the President's Malaria Initiative and the UK's Department for International

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strategy, governance, organisational transformation and implementation through a New Funding Model have been undertaken rapidly for an organisation of this size".

[4] *The Ministry of Foreign Affairs of Norway's positive review states that GFATM is Norway's most important channel for the response to HIV/AIDS.* Utenriksdepartementet. *Vurdering av 29 multilaterale organisasjoner.* Oslo, October 2013.

Development (DFID) to harmonize purchases and negotiate long-term supply agreements, and through other efforts, the Global Fund expects to achieve savings. In 2013 savings are expected to amount to 8%.

The HIV/AIDS epidemic, and to some extent the epidemic of TB, which is being fed by HIV/AIDS, is disproportionately hitting key populations (cf. footnote in section 1). Female sex workers are estimated to be 13.5 times more likely to be living with HIV than other women of reproductive age in low and middle-income countries. The prevalence of HIV among men who have sex with men is 13-19 times higher than among the general population. The HIV prevalence among people who inject drugs is at least 22 times higher than in the population as a whole in 49 countries with available data[5]. Despite the need to give priority to services for key populations, efforts to address the HIV-related needs of key populations remain severely underfunded.

The high prevalence among key populations represents a pool of infection that spreads into the general population, and the discrimination of key populations in many countries hinders an effective response.

Globally, there is growing recognition of the evidence showing that human rights approaches increase the effectiveness, efficiency and sustainability of HIV/AIDS, TB and malaria programming. Yet in many countries, poor and inequitable targeting of interventions, discriminatory social and legal requirements, unsupportive policy settings, and sometimes severe and persistent human rights violations continue to undermine programmes and reduce impact. There is broad consensus that the Global Fund should do more to explicitly promote human rights-based approaches.

As mentioned above, the Country Coordinating Mechanisms should comprise representatives of people living with HIV and of people affected by TB or malaria. There is room for improvement on this issue, and now the Global Fund requires all CCMs to show evidence that the requirement is being followed. It is also a requirement that key populations, including most-at-risk populations, are engaged in the development of funding applications; the Fund requires that this is documented in the funding applications.

The Global Fund is aware that gender inequalities are a strong driver of the HIV/AIDS, tuberculosis and malaria epidemics and therefor commits to ensuring that its grants support equal access to prevention, treatment, care and support. The work of the Fund in this respect is presented in two documents, The Gender Equality Strategy and the Sexual Orientation and Gender Identity Strategy. Being a financing institution rather than an implementing agency, The Global Fund does not provide normative guidance or technical assistance but seeks to support countries' efforts to consider gender in their funding applications. Some criticism has been voiced regarding the organisation's implementation of its own gender strategies.

[5] UNAIDS 2013: *Smart Investments*

3. Key Strategic Challenges and Opportunities

3.1 Summary of Preparatory Analysis

Relevance and Justification of Future Danish Support

Support to GFATM is directly in line with 'The Right to a Better Life', the Strategy for Denmark's Development Cooperation, which aims at placing Denmark at the forefront of international efforts to promote sexual and reproductive health and rights, including the fight against HIV/AIDS.

The Right to a Better Life states that Denmark will apply human rights as a core value in partnerships and use principles of non-discrimination, participation, transparency and accountability in all phases of development cooperation. This is especially mirrored in GFATM's Strategic Objective no. 3, which states that the Global Fund will integrate human rights considerations throughout the grant cycle, increase investments in programs that address human rights-related barriers to access to health care, and ensure that the Global Fund does not support programs that infringe human rights.

Denmark remains committed to the MDGs, and GFATM is the biggest multilateral funder of the three health-related MDGs[6]. In particular, it is a key organisation in the efforts to achieve goal no. 6 on combating HIV/AIDS, malaria and tuberculosis. GFATM's work also has a notable impact on MDGs 4 (on child mortality) and MDG 5 (on maternal mortality); malaria is especially dangerous for small children and pregnant women, and mother-to-child transmission of HIV still accounts for a large share of new infections.

GFATM's interaction with civil society at country level and civil society involvement at board level concurs with the aims of The Right to a Better Life.

Multilateral organisations often have an advantage over bilateral development organisations in fragile states. GFATM is increasingly focusing its efforts on countries most in need, including the poorest (often fragile) states where Denmark does not have a permanent presence. The Global Fund can play an important role in making basic health services function in times of crisis; this corresponds well with The Right to a Better Life, which states that the legitimacy of a state is enhanced if the population perceives that its needs are being met through service delivery in health and other social services.

The Danish Multilateral Development Cooperation Analysis of April 2013[7] finds that the Global Fund is highly relevant to Danish priorities (score 5 out of 6).

The Global Fund's new strategy 2012-16 Investing for Impact reflects the criticism raised by Denmark and by recipient countries, civil society as well as governments, that the organisation must provide more flexible funding opportunities, be more attentive to the needs of countries, be more predictable in its funding, use national strategies and national systems, be more transparent and efficient, and integrate human rights considerations in the whole funding cycle. The organisation has heeded the criticism and undertaken major initiatives to change policies, strategies and organisational set-up.

Denmark's contribution to The Global Fund in 2012 ranked as no. 12.

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[6] DFID 2011: *Multilateral Aid Review. Assessment of Global Fund to fight AIDS, TB and Malaria. London. www.gov.uk accessed on 17.9.13*

[7] Danida 2013: *Danish Multilateral Development Cooperation Analysis*. Copenhagen, April 2013

Major Challenges and Risks

The analysis undertaken in the preparation of this organisation strategy focused on four areas:

- Shrinking donor contributions
- Misuse of funds
- The verticality of the organisation
- Changing international priorities.

Shrinking donor contributions refer to the observation that globally, donor governments are under pressure to reduce budgets and find ways of countering the negative effects of the financial crisis, for instance by reducing their development assistance spending or reneging on their previous funding commitments. At the same time, the number of global health partnerships and other actors in international health keeps growing, thereby increasing the demands for funding. It is therefore uncertain whether the current level of contributions can be sustained. This will widen the funding gap and make it more difficult to reach the targets set by the Global Fund. A reduced turnover may not be a risk for GFATM as an organisation if the Global Fund is able to prioritise and gradually reduce commitments in a predictable way, but the pressure on the organisation to make the structures leaner and adapt to less generous funding will grow.

The December 2013 replenishment, however, seemed to indicate that the risk of shrinking donor contributions is manageable for the time being, at least for the Global Fund. An initial amount of USD 12.0 billion was pledged in contributions from 25 countries, as well as the European Commission, private foundations, corporations and faith-based organizations. That represented the largest amount ever committed to fight against AIDS, tuberculosis and malaria. It was a 30 percent increase over the USD 9.2 billion in firm pledges secured in 2010 at the start of the 2011-2013 period. As was the case in previous replenishments, national governments contribute most of the funds; donations from the private sector constitute around 5% of the total (3.5% from the Gates Foundation, 1.6% from private companies).

Misuse of funds. It is acknowledged that channelling huge amounts of funds to health interventions in some of the world's poorest countries carries risks, both in terms of technical effectiveness and financial management. Misuse of funds became a problem for the Fund in 2011 in a few recipient countries with weak governments. The incidents made it very clear that the Global Fund has some managerial problems at country level (CCMs and Local Fund Agent). The Global Fund is committed to raising money for its beneficiaries, and new incidences of this may cause some donors to reduce or cut off funding, at least for some time. The Fund, therefore, is focussed on avoiding this.

Since the incidents, The Global Fund has created the position of Chief Risk Officer and instituted a state-of-the-art risk management system that captures documents and assesses all risks that determine the success of a grant. In short, all risks that determine a grant's success are captured, documented and assessed on a regular basis. These risk assessments inform specific risk mitigation measures, including for fraud risks, grant-by-grant. This is described in the Fund's comprehensive Grant Management Assurance Framework. I 2013 the Fund released the Qualitative Risk Assessment Action Planning tool (QUART) to support this work. A total of 19 specific risks are grouped into four risk areas comprising programmatic and performance risks, financial and fiduciary risks, health services and products risks, and governance, oversight and management risks. The system delivers data for a composite Portfolio Risk Index encompassing all 19 risk areas; this index serves as an overall risk indicator.

The Office of the Inspector General now thoroughly investigates and audits any inappropriate use of grants. The conclusion is that risk management is being given very high priority by the organisation, and the risk of misuse of funds is significantly reduced. The GF has made it clear that

not all reports related to the intensive investigations and cleaning-up campaign have yet been presented to the Board.

The verticality of the organisation. Vertical funding modalities carry a risk of distorting national priorities in developing countries with weak administrative systems. For example, addressing maternal mortality (which involves many entities in the national health system) may become challenged if the national systems are overwhelmed by new single-disease actors with different modalities, off-budget support, draining of the best staff through topping-up of salaries, and individual reporting systems. This risk is also present in relation to The Global Fund. It is acknowledged by the Fund, and the New Funding Model has been established with these challenges in mind, aiming at further strengthening health systems at country level.

Changing international priorities is a risk for any specialized organisation. The UN's High Level Panel of Eminent Persons on the Post-2015 Agenda has suggested new universal goals and national targets. The suggested Goal no. 4 is "Ensure healthy lives" and the suggested target no. 4e is "Reduce the burden of disease from HIV/AIDS, tuberculosis, malaria, neglected tropical diseases and priority non-communicable diseases". If this is generally accepted by the international community, The Global Fund will have a continued mandate directly from the post-2015 Agenda.

However, the broader scope of the new goal (and targets) will make it even more obvious that horizontal, integrated health services are key to achieving results, and The Global Fund will have to do more on health systems strengthening. It might also pose a challenge to ensure that the sensitive issues of Sexual and Reproductive Health and Rights get well integrated.

If the High-Level Panel's recommendations are not followed, and there is no specific post-2015 goal or subgoal on the three currently targeted diseases, the political foundation for The Global Fund's work will obviously become weaker. In such a scenario the challenge for the Fund will be more significant.

4. Priority Results of Danish Support

The priority results defined for Denmark's interaction with The Global Fund are determined by the Strategy for Denmark's Development Assistance - The Right to a Better Life. The overriding aim of the efforts will be to fight poverty and promote human rights.

The strategy emphasises that Denmark will place issues of distribution and human rights in social sectors higher on the agenda in multilateral forums and be at the forefront of international efforts to promote sexual and reproductive health and rights, and in the fight against HIV/AIDS. Through a stronger multilateral engagement in social sectors, Denmark will contribute to creating synergy, attracting new funding and thereby contributing more effectively to raising the quality of social development and access to social services. Denmark will promote the integration of a human rights-based approach in the multilateral organisations and actively fight the growing political and religious pressure against sexual and reproductive health and rights.

Denmark will continue to work towards ensuring focus on the poorest countries with the highest disease burden, which is also the aim of the Global Fund's New Funding Model. Funding to middle income countries should be limited and targeted on special groups interventions (key populations) and should furthermore also normally depend on financial contributions from local counterparts.

Denmark will concentrate efforts in the following focus areas, which have been selected from the Global Fund's strategy Investing for Impact. In line with the Paris Declaration it is Denmark's aim to concentrate efforts on furthering those objectives of the organisation that provide the best fit with Denmark's intentions.

A. Institutional Reform Process

The Global Fund has taken major strides towards improved organisational efficiency. As mentioned in section 2.4, a comprehensive reform programme addressing a wide range of factors was recently undertaken by The Global Fund. The reform initiatives comprised risk management, resource allocation, investments and evaluations, organisation of the secretariat and the management, governance, and resource mobilisation. A new Finance and Operational Performance Committee to oversee financial management was put in place as was an Audit and Ethics Committee with a majority of external members.

The New Funding Model is a major reform initiative. Under the new model the Fund leaves its previous rounds-based financing model in favour of a more stable, predictable and aligned funding based on indicative funding frames at national level, linked to country specific circumstances, including the scope of the disease burden.

The revised Key Performance Indicator system (approved at the 30th Board Meeting) is an important part of the renewed focus on core values and professional execution of the new Global Fund strategy. The guiding principle of the KPI Framework is that it must be aligned with the GF Strategy 2012-2016, thereby allowing better monitoring of organisational performance.

One of the priorities of Denmark will remain continued improvement of The Global Fund's organisational efficiency and ensuring that the commitments of the new strategy are fulfilled.

B. Sustaining Efforts to Fight Corruption through Rigorous Risk Management

Realising that corruption, or misuse of funds, has the potential to seriously damage donor relations, the GF in 2012 invested major efforts into the establishment of a professional risk management system. The system deals with all risks that determine the success of a grant, grouping these risks into four risk areas comprising programmatic and performance risks, financial

and fiduciary risks, health services and products risks, and governance, oversight and management risks. In order for management to have an overview of the operational risks, the system enables the calculation of a composite Portfolio Risk Index; this index serves as an overall risk indicator.

Denmark will follow developments in the risk index as well as the further development and use of this system. Efforts will be made to ensure continued focus on risk management, especially since the New Funding Model implies more investments in poor countries with weak governments.

C. Ensuring that the Human Rights Based Approach (Participation, Inclusion, Transparency, Accountability) Permeates all Actions

Denmark's Strategy for Development Assistance emphasises that human rights are the basis for partnerships in development. This is in line with the strategic plan of the Fund as expressed in its Strategic Objective 4 (Promote and Protect Human Rights) and includes promoting efforts to overcome behavioural and structural barriers, i.e. addressing Sexual and Reproductive Health and Rights and gender inequality.

A human rights based approach implies ensuring that all legal and social barriers to reaching most-at-risk populations are identified and reduced if not removed. This pertains most specifically to the response to HIV/AIDS. The Fund has defined a Key Performance Indicator (KPI 12, cf. Annex 2) that enables follow-up on this engagement. The longer-term impact of human rights protection on access to services by key populations has now, as a first step, been incorporated in KPI 2 under the coverage measures as population size estimates for key populations.

Denmark will work to ensure that the Global Fund maintains a continued, evidence-based, specific and comprehensive disease response that is inclusive of marginalised populations and addresses all barriers to access. Denmark will also seek to ensure that the work of The Global Fund in this respect is inspired by and coordinated with the parallel, standard-setting efforts of UNAIDS.

D. Maximising GFATM Impact on Strengthening Health Systems

Rights, including Sexual and Reproductive Health and Rights, have little meaning if the national health systems are unable to deliver services. Strengthening national systems is in line with the aims of the Paris Declaration. For the Global Fund, Health Systems Strengthening has become a Strategic Action under the Strategic Objective 1 (Invest More Strategically), and at the time of writing a new Health Systems Strengthening Strategy is yet to be approved. For the Fund, the ultimate outcome of GF investments in HSS is that these investments contribute to increased service coverage for key interventions, and this will eventually become the core of the KPI 5 on Health System Strengthening.

Denmark considers Health System Strengthening the best way to improve health for the poor in a sustainable way, and will support GFATM's efforts in this area.

Denmark's View of the Global Fund in the Longer Term

In the longer term Denmark would welcome a gradual development in the direction of GFATM becoming a more general and less vertical health development fund as part of a comprehensive reform of the global health architecture. In the coming decades the world will most probably be faced with a more holistic global health challenge where infectious diseases (such as AIDS, malaria, and TB) represent a declining disease burden while Non-Communicable Diseases (NCDs, i.e. diabetes, cardio-vascular diseases, cancers) represent a fast-growing additional burden on poor countries. This development accentuates the need for strengthening of health systems in order to enable them to cope with the combined burden of disease and not only selected diseases.

Further deliberations on this issue may be determined by the outcome of the UN's discussions on the post-MDG agenda, cf. Chapter 3 on Key Strategic Challenges and Opportunities.

Monitoring and Reporting

The regular reporting of The Global Fund is informative and follows the organisation's strategic goals and targets. The Fund has adopted 16 corporate Key Performance Indicators (KPI) for the 2012-2016 Strategy at the November 2013 board meeting. Denmark supports the organisation's continued efforts to simplify its reporting and shifting the focus from process to higher level indicators. To invest more strategically, the Fund needs improved data to measure progress and impact, identify the trends and hot spots of the epidemics, and to understand what is working and where correction is needed. This work is on-going.

Denmark will focus on The Global Fund's indicators related to Health Systems Strengthening, protection and promotion of Human Rights (HR), reform, and risk management. For Health Systems Strengthening the indicator will measure service availability and readiness rating for HIV, TB and Malaria services (using WHO's Service Availability and Readiness Assessment (SARA) tool). As GFATM is currently building the foundations for implementing the strategy's HR actions, only HR indicators on GFATM's management of HR risk violations is part of the KPI-framework at this stage. As indicated, Denmark will actively pursue the development of an indicator measuring GFATM investments in programs that address HR barriers to accessing services (access to services by key populations).

An extract from the approved KPI Framework, representing indicators related to Denmark's priority results, is presented in Annex 2.

Denmark will follow The Global Fund's monitoring and reporting framework, including the financial reporting, and not produce specific Danish progress reports. Within this framework, the Mission will report on developments under the present organisation strategy in accordance with the new multilateral guidelines, including conducting a mid-term review. The review should include input about GFATM's work at country level from relevant Danish embassies and will be distributed widely in the MFA and be sent for information to the Council for Development Policy. This reporting will draw on The Global Fund's Annual Report, as well as the organisation's own mid-term review. This will take place in 2014, thus the Mission's review is expected to take place in 2015, when the Global Fund's own review is made available and will contribute to the development of the next organisation strategy. In addition, the Mission will continue to report on consultations in Geneva with GFATM within Danish priority areas and on relevant evaluations and assessments.

5. Preliminary budget overview

Table 1 Indicative budget for Denmark's engagement with The Global Fund[8]

Contributions in DKK millions	2014	2015	2016	2017
Core funds	165	165	165	165
Earmarked funds				
Totals	165	165	165	165

The Global Fund receives 94% of total funding from national donors as core contribution, with USA, France and United Kingdom being the largest contributors (calculated on a total paid to date basis). The Fund only accepts core contribution from public donors. Other donors only provide around 5% of the Global Fund's total budget, the Bill and Melinda Gates foundation contributing 3,5% of this funding. The second largest non-national donor is "PRODUCT RED" contributing 0,6% of the funding from private donors.

In 2012 and 2013, the Danish contribution to The Global Fund was DKK 145 million. According to the Danish government budget for 2014, Denmark's contribution will increase to DKK 165 million, constituting a DKK 20 million increase from 2013. The suggested increase is motivated by the wish to further strengthen strategic investments in the fight against AIDS, tuberculosis and malaria. The budget for the following years is expected to remain at the level of DKK 165 million.

Denmark may second professional staff to The Global Fund following discussions on terms based on the Fund's rules for staff on loan.

[8] The numbers for 2015-2017 are preliminary and subject to parliamentary approval

6. Summary Results Matrix

In accordance with the Paris Declaration and subsequent international agreements on aid effectiveness Denmark wishes to monitor the results of the Fund's work by using the organisation's own Monitoring and Evaluation Framework. In chapter 4 the priority results of Denmark's support to the Global Fund have been spelled out; the present chapter displays a selection of those Global Fund Key Performance Indicators (KPIs) that are believed to be the best match with the Danish priority results.

Targets have not yet been defined for three of the indicators. When the Global Fund Board approved the 2014-2016 Corporate KPI Framework at the 30th Board Meeting in November 2013 the decision point acknowledged that as a number of KPIs were new measures. Approval was given with the request that the analysis required to identify baselines and set targets should be conducted in the first half of 2014 and submitted for approval by the Board by June 2014, with noted exceptions including Human Rights (end 2014). The indicators below might thus be adjusted.

Danish Priority Result: **A. Institutional Reform Process** **GF Key Performance Indicator:** **KPI 16 Quality of management and leadership**	**Measure**	**Target**	**Purpose**	**Limitations**
	Manage-ment and leader-ship index	Illustrative baseline: Index score of 76 (max index 100) Illustrative target: 5% improveme nt in score	The indicator will track staff perception of quality across key dimensions of management and leadership.	Such indices can suffer from considerable measurement error. Sensitivity of the measure to change and the level of change in index score that corresponds to a meaningful improvement in management and leadership quality will have to be considered. To account for these limitations and enable comparison with performance in similar organizations the Towers Watson Manager Quality scale was selected as the benchmarked index.

Danish Priority Result: **B. Sustaining Efforts to Fight Corruption through Rigorous Risk Management** **GF Key Performance Indicator:** **KPI 9 Effective operational risk management**	**Measure**	**Target**	**Purpose**	**Limitations**
	Portfolio Risk Index	Baseline: Index score 2.01 (possible range 1-4) Illustrative target: 5% improve-ment (re-duction) in index score	A key component of grant implementation success is the ability of supported recipients to identify and mitigate potential risks.	The index is based on a scoring system applied to the grant level risk ratings of the operational risk management process. Such indices can suffer from important measurement error. Sensitivity of the measure to change and the level of index change that corresponds to a meaningful improvement in perceived operational risk will be assessed to inform interpretation of indicator results.

Danish Priority Result: C. Ensuring that the Human Rights Based Approach (Participation, Inclusion, Transparency, Accountability) Permeates all Actions GF Key Performance Indicator: KPI 12 Human rights protection	Measure	Target	Purpose	Limitations
	Percentage of human rights complaints against GF supported programs successfully identified through risk assessment tools; and resolved through Secretariat policies and procedures	Baseline: due Dec 2014 Target: due Dec 2014	The indicator will enable performance of the GF on its Human Rights objective to be tracked on a regular basis	A clear consensus developed during consultations in favour of focusing the indicator on managing the risk of human rights violations. The measure will compare risk of rights violations in supported programs, as assessed through the Operational Risk Management tool, against complaints successfully managed and resolved through Secretariat policies and procedures currently under development. An operational KPI will be used by the Secretariat in 2013 and 2014 to assess internal progress on developing human rights guidance and tools for grant management. This will include tracking of funds invested in programs that address human rights barriers to accessing services at the operational level. The longer-term impact of Human Rights protection on access to services by key populations has now been incorporated elsewhere in the framework as a coverage measure (KPI 2) – focusing firstly on availability of population size estimates for key populations, before moving to a service coverage measure.

Danish Priority Result: D. Maximising GFATM Impact on Strengthening Health Systems GF Key Performance Indicator: KPI 5 Health Systems Strengthening	Measure	Target	Purpose	Limitations
	HIV, TB & Malaria service availability and readiness rating	Baseline: Scoring system under development (June 2014) Illustrative target: 5% increase in programmes meeting service availability and readiness threshold	The indicator enables assessment of whether GF investments in health systems improve the extent to which services are capable of delivering prevention, treatment and care	The ultimate outcome of Global Fund investments in health systems strengthening can be considered as whether these investments contribute to increased service coverage for key interventions. However, given that the new Health System Strengthening (HSS) Strategy has yet to be approved, let alone implemented, it was considered too early to focus the HSS KPI on such an outcome measure. Instead an intermediary measure of service availability and readiness was selected. Such a measure does not assess whether services are used, but in time an indicator focused on coverage will be introduced to better assess this.

Annex 1

The Global Fund Strategy Framework 2012-2016: "Investing for impact"

Vision	A world free of the burden of HIV/AIDS, tuberculosis and malaria with better health for all			
Mission	To attract, manage and disburse additional resources to make a sustainable and significant contribution in the fight against AIDS, tuberculosis and malaria in countries in need, and contributing to poverty reduction as part of the MDGs			
Guiding principles	• Being a financing instrument • Additionality • Sustainability • Country ownership	• Multi-sectoral engagement • Partnership • Integrated, balanced approach • Promoting human right to health	• Performance-based funding • Good value for money • Effectiveness and efficiency • Transparency and accountability	
Goals	**10 million lives saved[1] over 2012-2016** **140-180 million new infections prevented over 2012-2016**			
		Global plan	**Global Fund leading targets for 2016**	**Indicators for other selected services**
Targets[2] (2016)	**HIV / AIDS**	UNAIDS 2011-2015 Strategy, 2011 Investment Framework, and UNGASS June 2011 Declaration	7.3 million people alive on ARTs	• PMTCT: ARV prophylaxis and/or treatment • HIV testing and counseling • Prevention services for MARPs • Male circumcision
	TB	Global Plan to Stop TB 2011-2015	4.6 million DOTS treatments (annual) 21 million DOTS treatments over 2012-2016	• HIV co-infected TB patients enrolled on ARTs • MDR-TB treatments
	Malaria	RBM Global Malaria Action Plan 2008 and May 2011 updated goals and targets	90 million LLINs distributed (annual) 390 million LLINs distributed over 2012-2016	• Houses sprayed with IRS • Diagnoses with RDTs • Courses of ACT administered to confirmed malaria cases

1 Based on impact of provision of ART, DOTS and LLINs using methodology agreed with partners 2 Targets refer to service levels to be achieved in low- and middle-income countries.
Note: Goals and targets are based on results from Global Fund-supported programs which may also be funded by other sources; targets are dependent on resource levels

The Global Fund Strategy Framework 2012-2016: "Investing for impact"