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Implementing HIV/AIDS Global Fund Programs:
Funding Disbursement Mechanisms in Zambia

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degree of Masters of Philosophy in Public Policy

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COMPULSORY DECLARATION

This work has not been previously submitted in whole, or in part, for the award of any degree. It is my own work. Each significant contribution to, and quotation in, this dissertation from the work, or works, of other people has been attributed, and has been cited and referenced.

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Abstract

This dissertation explores variations in the performance of funding mechanisms disbursing project funds to implementing partners in international HIV/AIDS programmes in Zambia.

A qualitative research perspective is used to evaluate the performance of funding mechanisms. The formation of fund coordinating mechanisms is explored. Proposal abstracts and priorities are compared. Significant differences in absorption rates between the principal recipients in different funding rounds are identified. Changes in the funding levels allocated to the principal recipients between rounds are also isolated.

The dissertation explores how variations in fund performance can be explained. Certain hypotheses suggested in the literature are set out that have been advanced to account for the differential performance of principal recipients. The dissertation analyzes the performance of the various funding mechanisms by exploring systems and procedures; public or non-governmental status; implementation models; staffing issues; NGO and CSO involvement in project implementation; and the absorption of funds.

The dissertation makes an assessment of the significance of each factor in improving or worsening the performance of a disbursement mechanism, and draws some broad preliminary conclusions about how differences in disbursement performance can be explained.

Abbreviations

AIDS – Acquired Immunodeficiency Syndrome

CBO – Community Based Organization

ARV – Anti-Retroviral

CBoH – Central Board of Health

CBoH/MoH – Central Board of Health / Ministry of Health (when merged)

CCM – Country Coordinating Mechanism

CHAZ – Churches health Association of Zambia

CSO – Civil Society Organization

DFID – Department for International Development

EU – European Union

FBO – Faith Based Organization

Global Fund – The Global Fund to Fight AIDS, Tuberculosis and Malaria

GoZ – Government of Zambia

HIV – Human Immunodeficiency Virus

HAART – Highly Active Anti-retroviral Treatment

HMIS – Health Management Information System

LFA – Local Funding Agent

MAP – Multi-Country HIV/AIDS Program

MoFNP – Ministry of Finance and National Planning

M&E – Monitoring and Evaluation

MoH – Ministry of Health

MTCT – Mother to Child Transmission

NAC – National AIDS Council

NGO – Non-Governmental Organizations

PEPFAR – US President’s Emergency Plan for AIDS Relief

PLWHAs – People Living with HIV/AIDS

PMTCT – Prevention of Mother to Child Transmission

PMU – Project Management Unit

PSM Plan – Procurement, Supply, Management Plan

PR – Principal Recipient

SDA – Service Delivery Area

SR – Sub-Recipient

STI – Sexually Transmitted Infections

SWAp – Sector-wide Approach

TA – Technical Advice

TB – Tuberculosis

ToR – Terms of Reference

TRP – Technical Review Panel

UNAIDS – The Joint United Nations Programme on HIV/AIDS

USAID – U.S. Agency for International Development

USG – United States Government

WB – World Bank

WHO – World Health Organization

ZANARA – Zambia National AIDS Response

ZNAN – Zambia National AIDS Network

Chapter 1: Introduction of Topic, Background and Methodology

1 - HIV/AIDS Funding - PEPFAR, Global Fund and MAP

HIV/AIDS has had a devastating affect on many parts of the world and most specifically Sub-Sahara Africa. Many villages have lost large numbers of people in their most productive years and many children have been left with one or no parents. Urban areas have also lost many people who played a large role in the economy and in the public sector including teachers, nurses and doctors. In addition to the personal and human loss the on set of HIV/AIDS has been a very large challenge to development programmes. Donors have struggled to find ways to support activities to prevent the spread of HIV/AIDS and support those who have already been infected with HIV/AIDS. The Global Fund and the World Bank Multi-Sectoral AIDS Projects (MAP) were the first 'donors' who rallied to support HIV/AIDS activities on a large scale. A few years later the President's Emergency Programme for AIDS Response (PEPFAR) was established. All of these donors have challenges with finding and supporting implementing partners that can scale up activities to meet those in need.

This paper will analyze four different funding mechanisms in Zambia for the Global Fund - two government, one NGO and one FBO. It will try to explain the variation in performances by looking at their challenges and experiences. This analysis will utilize two Rounds of Global Fund approved proposal packages. The package includes the proposal, proposal abstract, grant agreement, evaluations and disbursement records. The funding mechanisms will be analyzed by looking at each organisation as well as their transition from Round One to Round Four and their incorporation of lessons learned. In addition, six focus areas will be utilized to compare the funding mechanisms and to draw preliminary conclusions.

The Global Fund and these two other global programmes usually work side by side within the same country. The Global Fund also supports Tuberculosis and Malaria interventions in addition to HIV/AIDS. The World Bank Projects support the multi-sector response which includes the community's ability to support those affected with HIV/AIDS. The PEPFAR programme also supports TB in the context of treating people with HIV/AIDS as well as communities trying to support its members affected by the disease.

Annual funding for HIV/AIDS activities in low and middle income countries increased 30-fold from 1996 to 2006, from US\$ 30 million to US\$ 8.9 billion.¹ The Global Fund in its four year history has committed US\$ 2.8 billion. The World Bank MAP project has committed US\$ 1.2 billion in HIV/AIDS funding between 2001 and 2005. PEPFAR in its first two years has committed US\$ 4.9 billion which is more then other two funders combined.²

The Global Fund views itself as recipient driven organisation as opposed to a donor driven organisation. The Global Fund set priorities in line with local needs; its philosophy is the recipient is better positioned to understand local needs which would

create more local 'ownership'. The Global Fund as an institution believes this will build greater capacity and skills in recipient countries. The Global Fund has a smaller bureaucracy and lighter administrative costs which are about five percent of the billions disbursed in grants.³ The World Bank MAP project utilizes partners in countries who provide coverage geographically. These partners provide sub-grants to other NGOs, districts and community groups. The role out of the MAP projects has been slow as the World Bank's procurement guidelines are strict and smaller organisations find compliance challenging. On the other hand PEPFAR has accelerated results by utilizing a top-down approach. PEPFAR is very involved in setting priorities and project implementation and it supports local and international organisations while providing much less support for participation and ownership.⁴ PEPFAR initially funded only international NGOs, however, it now supports local government districts who in turn support clinics with small grants.

As Lewis reports "There are basically six funding streams that support the financing of HIV/AIDS programmes in developing countries: domestic public spending (local government), bilateral assistance (country to country such as the US (PEPFAR) or UK) multilateral agencies (such as the WB), Global Fund, private sector and household (out of pocket spending). Bilateral assistance is projected to grow faster than the other sources because of PEPFAR."⁵ Global Fund spending is focused on a small number of countries - 72 percent of this funding is allocated to 25 countries. The large inflow of funds to low income countries puts pressure on these countries to effectively absorb this new money. These funds often support sectors that are institutionally ill-equipped to disburse funds rapidly and effectively, the pressures on ministries of health are particularly intense.⁶

Current funding levels are vastly insufficient to meet the needs for prevention and treatment of HIV/AIDS in low-income countries which, is estimated to be US\$ 15 billion in 2006 and rising each year. There is much debate about the most effective ways for donors to deliver money and manage flows. The lessons learned from these three initiatives are likely to have substantial impact for years to come on donor practices for HIV/AIDS programmes and foreign financial support in general.⁷

There are criticisms of the historical foreign aid model and according to Radelet "It is said that international donor supported programmes are inefficient, foreign assistance is misallocated, donors do not sufficiently involve recipients in programme design, donor activities are not well coordinated or harmonized, donors do not build institutional capacity in recipient countries, incentives are badly skewed, recipients know the funding will come regardless of results and M&E systems are under developed and deeply flawed."⁸ Another perspective from Poore states "the real problem lies in a culture of self-interest where international foreign assistance and investment is designed in the interests of the donor, and where the donors' conditions take precedence over the recipients' needs."⁹ The Global Fund was designed with some of these criticisms in mind.¹⁰

The recipient governments welcomed a change from the typical donor funding as usual model. These governments generally saw the Global Fund as a new source of funds that

was more country owned and controlled than pre-existing funding instruments. It allowed countries more autonomy in deciding their needs and priorities. Early hopes were that these new funds could be used to fill gaps and strengthen health systems in general as well as providing HIV/AIDS services.¹¹

As more partners became involved in HIV/AIDS support the need for coordination was more important, these groups expanded to include bilateral donors and some government ministries.¹² In the case of the Global Fund and World Bank, many staff members in each agency started working together and with recipient governments, ministries and other partners to overcome these difficult coordination problems.¹³ The predictability of foreign assistance flows is one of the areas which these partners have agreed to strengthen as part of a harmonization effort, and is an acknowledged cause of disruption to the implementation of planned activities.¹⁴ In most countries these harmonization meetings occurred and the general view was that Global Fund interventions would fill gaps in the National Programme.

Between 2003 and 2004, the donor support 'architecture' at the country level had radically changed with the start of PEPFAR. The nature of PEPFAR's impact on senior government staff was not yet clear, it was expected that much of its funds would flow directly to non-government sectors (international NGOs). The consequence for government and the overall coordination of HIV/AIDS activities funded by PEPFAR was to bypass government channels. This was a major concern to recipient governments and other bi-lateral and sector specific donors such as the Global Fund and World Bank.¹⁵ The introduction of PEPFAR has caused major challenges to recipient governments that have national planning mechanisms, because coordinating with an additional number of NGOs makes planning much more difficult.

The resource-starved recipient countries, understandably, do not feel they can ignore the possibility of new funds.¹⁶ Shakow recommends that "for the management of all three major HIV/AIDS donors should include: Promote and support one National Plan, unification of the NACs (or equivalent) and Global Fund CCMs wherever possible. Have a common procurement system as well as a common M&E system. Encourage the consensus selection of a lead donor in each country to help organise its counterparts."¹⁷ A multitude of international organisations providing HIV/AIDS services have been converging on countries with limited institutional, administrative and managerial public health capacities, creating what UNAIDS describes as an 'implementation crisis'.¹⁸

Global Fund: The Global Fund to fight AIDS, Tuberculosis and Malaria was founded late 2001 to help finance the fight against AIDS, TB and Malaria which kill more than six million people per year.¹⁹ In April 2001 the UN Secretary General Mr. Kofi Annan made a public call for a 'war chest' or global fund to be set up to fight HIV/AIDS.²⁰ In addition, the former South African President Nelson Mandela called for 'total inclusiveness in the struggle against AIDS'.²¹ The Global Fund contributes 20 percent of total international investment in fighting HIV/AIDS. Linden stated that "The Global Fund was created so donors could achieve collectively what none could achieve separately, rapid scale-up of large amounts of new resources to fight AIDS."²²

The Global Fund aimed for an integrated and balanced approach covering prevention, treatment, care and support and wanted to be an efficient and effective disbursement mechanism.²³ Radelet believed that “The Global Fund has the potential to provide a huge increase in foreign support to poor countries, significant difference in turning the tide against three diseases and could also dramatically change the way that the international community delivers foreign assistance – health interventions and development funds in general.”²⁴

In Poore’s opinion “The Global Fund is about shifting the present paradigm. First, it is demand-driven. Secondly, the Global Fund is an inclusive partnership, reflected at country level by the idea of a CCM. Thirdly, the disbursement of funds to countries is to be performance based, linking financial accountability to programme performance. Fourthly, the Global Fund underlines the need to coordinate donor input at country level, regardless of source to achieve synergy.”²⁵ The Global Fund allows countries to set their own priorities by developing the proposals, selecting CCM membership and choosing PRs.²⁶ The Global Fund provides continued financing throughout a five year period to programmes based on their performance, measured against targets set out in grant agreements.²⁷

In addition, the Global Fund aimed to introduce new ways of ‘doing business’ at the country level in several ways: by making the amount of donor funds more clearly tied to performance; by expecting countries to apply for financial support; by broadening levels of participation in the application and delivery process; and by making grant disbursement conditional on the achievement of progress and disbursement milestones.²⁸

The Global Fund has Eleven Key Principles as stated in the Global Fund Framework:

1. The Fund is a financing instrument, not an implementing agency.
2. The Fund is intended to leverage financing for AIDS, TB and malaria.
3. Programmes are country-led, with broad, cross-sectoral participation.
4. Funding is additional to existing resources.
5. The fund provides prevention, treatment and care funding, across different regions, diseases and interventions.
6. The Fund is part of a broader network of actors.
7. Transparency is essential.
8. The Fund is performance-based.
9. The Fund is interested in developing civil society, private sector and government partnerships, and in supporting communities and people living with the diseases.
10. The Fund seeks to be simple, innovative, and rapid;
11. The Fund is a learning organisation and will adapt over time.

Source: Schocken, Overview of the Global Fund to Fight AIDS, TB and Malaria. Page 2

When the Global Fund considers proposals, the highest priority is given to those

proposals from countries and regions with the greatest need, based on the highest burden of disease; however, it is the countries with the greatest needs that are often those least able to develop proposals or to access financial resources to address those in need.²⁹ As there is no Global Fund country presence the Global Fund would depend on other partners to work with the recipient governments to support the proposal development and to implement the programmes. As stated above Global Fund wants to work within the existing systems to strengthen existing structures and fill gaps.

The Global Fund has raised more funds for the fight against HIV/AIDS than any other single organisation. However, the Global Fund supported programmes have had a mixed track record of spending the funds. Scaling up programmes to absorb the large amount of funds to support HIV/AIDS programmes worldwide has been a challenge. NGOs and government departments have been tasked with procuring large numbers of vehicles, various types of equipment, supervising the rehabilitation of buildings and managing large grants. All these activities need procurement, financial and management systems that can support these large expenditures.

The Global Fund has been successful in raising global awareness about the three diseases and has brought about much greater participation from wider group of participants in efforts to fight them.³⁰ The Global Fund tries to remain flexible and adaptable in financing arrangements, it calls itself a learning organisation that encourages feedback and criticism and adjusts procedures as a result.³¹ This has not happened quickly. The Global Fund initially was fairly rigid with reporting, however, it has become more flexible based on the PRs inability to follow guidelines and report on time.

The Global Fund has more than tripled since 2001, from US\$ 2.1 billion to an estimated US\$ 6.1 billion in 2004, US\$ 8.3 billion in 2005 and US\$ 8.9 billion in 2006. The Global Fund will have made available since 2001 US\$ 10 billion dollars by the end of 2007.³² The US is the largest donor having donated US\$ 2.3 billion early on; in 2005 the US donated US\$ 414 million, France US\$ 181 million, UK US\$ 154 million, Italy US\$ 120 million, Japan US\$ 100 million and the Bill & Melinda Gates Foundation has been the largest private funder donating US\$ 150 million.³³

Global Fund Structure: The Global Fund offices are located in Geneva. The Global Fund has no direct presence in recipient countries. As of April 1st 2003 the Secretariat had 63 staff to run day to day operations by 2006 they had over 200 people at the Secretariat in Geneva. The Secretariat does not manage the fund directly, the Global Fund Trustee is the World Bank which holds donors funds and disburses them according to written instructions from the Global Fund.³⁴

The Global Fund has a very clear process for involvement in a country. A country is required to form one CCM that manages the development of the HIV, TB and Malaria proposals. The CCM is made up of government officials, bi-lateral donor representatives, community leaders, international and local NGO Leaders and members of the business community.

The Global Fund announces requests for proposals which they call 'Rounds.' At this point in time the Global Fund has completed seven rounds. A country can submit one proposal for funding in each round which can have an HIV, TB or Malaria component; however, there is no guarantee of funding. The Global Fund has just finished evaluating the proposals submitted for round seven. There is a high level of pressure for countries to submit proposals even if they are struggling to organise and implement previously approved proposals. This pressure comes from constituents, other donors, high level politicians, local and international NGOs and advocacy groups. If a proposal is approved the CCM will oversee the implementation of the project (HIV, TB or Malaria). One CCM can manage multiple proposals and oversee multiple projects.

Each Global Fund recipient country has one CCM and one or more PRs. The CCM develops the proposal and the PR receives the funds from the Global Fund and distributes the funds to the implementing agencies or coordinating bodies depending on the country's proposal structure. The PR working with the CCM oversees the implementing of the projects it funds. The PR is usually a government ministry which has internal policies for managing and distributing funds.

The PR is selected by the CCM and included in the proposal submitted to the Global Fund. The PR is responsible for monitoring and evaluating the grants effectiveness in accordance with grant objectives and making sure that funds are properly accounted for. The PR is also responsible for overseeing the activities of any sub-recipients (SRs) implementing grant activities. The PRs are in charge of overall project activities and are legally responsible for the implementation of the grant including the monitoring of the SRs. PRs are encouraged to use their existing systems for managing programme implementation, financial reporting, procurement and supply management and M&E provided these systems meet minimum requirements defined by the Global Fund. The PRs apply and receive fund directly from the Secretariat and are responsible for reporting on those funds. Shakow has documented that "Globally the PRs are made up of the following entities: Government - 51 percent, NGOs - 25 percent, Private Sector - 5 percent, Academic Institutions - 5 percent, Faith-based Org - 5 percent, People Living with HIV/AIDS (PLWHA) organisations - 4 percent and other - 5 percent."³⁵

The Global Fund has Local Funding Agents (LFAs) instead of a country offices; the majority of the LFAs are contracted international management consulting and audit firms which provide services at country level.³⁶

Objectives and Scope of the LFA services:

The objective of the LFA is to provide independent, qualified advice to the Global Fund from the country level. Services are divided into two broad activities:

A. Work performed before the Global Fund signs the grant agreement with the PR including:

- i. assessment of the capacities of the nominated PR.
- ii. assistance during the Global Fund negotiations of the grant agreement with the PR

B. Work performed periodically during programme implementation to independently verify programme performance and the accountable use of funds. 64-10

Source: Kruse, Stein-Erik and Jens Claussen. August 2004. Global Fund to Fight AIDS, TB and Malaria. Review of the Roles, Functions and Performance of Local Fund Agents - Final Report (Centre for Health and Social Development (HeSo) and Nordic Consulting Group (NCG). Page 10

The LFAs are contracted by the Secretariat not the CCM. The LFAs assess the PRs capacity to manage funds; it verifies disbursement of cash requests. It reviews programme and progress updates, as well as, annual reports.³⁷ The Global Fund relies on the LFAs to oversee, verify and report on the progress of the grants and make recommendations for future funding.³⁸ The LFAs are the backbone of the Global Fund's risk management strategy in country. The LFAs have come to be known as the 'eyes and ears' of the Global Fund.³⁹

The LFAs conduct assessments to evaluate the PRs capacities in four areas: Financial Management Systems, Institutional and Programmatic Arrangements, Procurement and Supply chain Management and M&E.⁴⁰ It has been problematic that the LFAs have very little project implementation or health management expertise. The LFA is required to make one of the following recommendations: the PR has the minimum capacities required; the PR needs certain additional capacities; or the PR requires major capacity strengthening which may be to excessive under the grant circumstances.⁴¹

It is the PR and not the CCM who enters into the legally binding grant agreement with the Global Fund Secretariat. Before the agreement can be signed the PR is expected to prove to the LFA that it has the capacity to carry out all the tasks involved in managing the resources and supervising implementation. The PR will implement the activities or will identify and appoint multiple SRs through a competitive bidding process to carry out different aspects of project implementation.⁴²

The country proposals developed by the CCMs are submitted to the Technical Review Panel (TRP) which is an independent group of experts drawn from around the world who are not employed by the Global Fund.⁴³ The TRP is made of 22 independent experts who review and evaluate eligible proposals for the Global Fund.⁴⁴ In the case of HIV/AIDS 93 percent of the CCM originated proposals were passed on to the TRP. Of these

approximately 40 percent originated in Africa and totalled almost 65 percent of financial requests reviewed by the TRP.⁴⁵ The CCMs nominate PRs and they can be from among their members, one or more PRs can receive funds and take the lead in implementing programmes in any one country.⁴⁶ If the proposal is approved by the TRP then the LFA is selected to assess the capacity of the PRs to implement the proposal and to recommend a disbursement amount.

All proposals must be sent through a CCM to the Global Fund it is very rare for the Global Fund to accept a proposal not submitted by a CCM an example would be a proposal coming from a country in civil war; however, the proposal still needs country buy-in. The TRP ranks proposals into four categories:

1. Approved with minor clarifications
2. Approved with clarifications
3. Not approved but recommended to resubmit
4. Not approved and not recommended to be resubmitted.

Sometimes there is not enough money to support all approved proposals so the board ranks each proposal in category 1 versus category 2 and takes into account the countries disease burden.

Source: Adapted from Schocken, C. Overview of the Global Fund to Fight AIDS, TB and Malaria. Page 5

Challenges for the Global Fund: One of the main challenges is communication. Many CCM members complain of limited communication with the Secretariat and key participants are unsure of their roles in the proposal process and are unprepared to support grant implementation.⁴⁷ The Global Fund Board plans to meet three times a year, however, the guidance resulting from these meetings are not shared evenly with CCMs.⁴⁸ For example, a lack of communication led many CCMs in the earlier rounds to believe the application process was competitive which led the CCMs to develop proposals they believed the Global Fund would fund, not proposals that clearly articulated what the country needed. This incorrect believe led to no sharing of lessons learned between countries which could have helped countries with limited capacity.⁴⁹

The Global Fund commits to a recipient country by approving a two year budget ceiling called Phase One - years one and two. Then the Global Fund will evaluate the PR before approving Phase Two - years three to five. The decision is based on information including periodic progress reports, recipient expenditure data, LFA verification of recipient's progress and spending and contextual information as there could be mitigating circumstances. There are concerns about the capacity of many countries, especially around M&E issues which raises questions about the accuracy of reporting. Also it has been reported that there is very little or no documentation in the PR file in Geneva regarding the funding decision to approve the PRs advancement into phase two. This is problematic as some of the PRs had met few targets; this has also been seen to an extent

in the Zambia context.⁵⁰ To address this challenge the Secretariat will increase the number of Grant Managers working with fund recipients to strengthen PR capacity.⁵¹

Country Coordinating Mechanism: There was a six-week deadline for the Round One proposal submission period. This led some recipient countries to force a fit between the hastily formed CCM and the NAC.⁵² As the CCMs were set up quickly most CCM membership was dominated by government and in most countries there is still only a small representation of people living with the diseases.⁵³ There needs to be systems in place to ensure that members truly represent constituencies with strong communication back and forth between the CCM and stakeholders. Also the CCMs are almost always under-resourced which contributes to poor communication and sub-optimal proposal preparation. This also makes it difficult for members from outside the capital to attend meetings. A low level of participation in CCMs has been shown to be a key factor in poor grant performance.⁵⁴ The majority of CCM chairs are from the MoH and in some countries the vice-chairs are also which can promote a lack of transparency in the selection process of PRs.⁵⁵ Once the CCMs are formed and chairs selected it is very difficult to replace CCM members or the chairs.

The CCM members are not always involved in choosing the CCM chairperson or in selecting the PRs and in some situations the CCM chairperson also serves as a PR. This situation represents a potential conflict of interest. Many CSOs claim that PLWHAs are not well represented, CCM members who are suppose to represent NGOs in many cases were not chosen by the NGO sector, therefore, do not properly represent them. In addition, there seems in some situations to be no genuine involvement by all CCM members in the decision-making process and in many cases the CCM chairmen makes the decision. One study showed that CCM members are asked to sign proposals to the Global Fund even though they had no input in its preparation.⁵⁶ It has also been noted there is very little NGO involvement post-approval of the funds.

Local Funding Agents: The biggest challenge or gray area seems to be with the LFAs and their relationship to the PRs and CCMs. The LFAs are contractors responsible for the oversight of the PRs and SRs. The LFAs need to have expertise to evaluate PRs/SRs.⁵⁷ PriceWaterhouseCooper and KPMG serve as LFAs in 91 out of 110 recipient countries.⁵⁸ The LFAs account for money the PRs spend and the LFAs measure the progress in meeting proposal objectives. The LFA is also responsible for assessing the PRs ability to procure goods/services, financial controls and the ability to carryout programme activities.⁵⁹ This assessment must take place prior to the grant agreement signing between the PR and the Global Fund.

The CCMs and PRs in many countries claim the LFA mandate is unclear and others disagree with their role and the assessments completed on the PRs. There is a natural tension between the LFA and CCMs/PRs since the former has critical oversight and plays an assessment role. Some CCM members and PR staff believe the LFAs are adding an unnecessary layer to the foreign financial support bureaucracy and is providing limited added value to PRs/CCMs and the Global Fund.⁶⁰ In African countries the CCM members and PR staff claimed that they had not been informed about the role of the

LFA's and didn't know what they were supposed to do.⁶¹ One issue under discussion is that the assessments of PRs are not shared with the CCMs or PRs. According to the Global Fund the technical advice or capacity building should be provided by multi- and bilateral partners not the Global Fund or LFA, however, this is not happening.⁶² Global Fund Portfolio Managers are still frustrated with the LFA's, the managers are critical of performance and poor quality of work, however, they clearly expressed the need to use LFA's at the country level as there are no clear alternatives.⁶³

The LFA staff argues they only have a contract for 36 days a year. If there are issues or problems with the PRs they work much more than that. Most LFA's say they put in more time than the budget allows and they do not get paid for the extra work.⁶⁴ Many LFA staff say PR management want more technical support over and above the sporadic advice that they can provide per their contract. PR management clearly expressed a need or expectation for more systematic technical support.⁶⁵ The LFA's conduct very few spot checks if any at the level of the SRs and some LFA's are told not to visit SRs and only visit PRs when necessary to save costs. So verification of activities are done by e-mails or phone in many cases which is not ideal.⁶⁶ The Global Fund believes the LFA's should remain as an auditor 'watch dog' and should not provide technical advice as this could lead to a conflict of interest between the LFA and PR.⁶⁷

2 - Zambia Background:

Economic: Lake states that "For Zambia, prospects at independence in 1964 were positive relative to other countries in the region. However, falling copper prices and economic mismanagement through the 1970s and 1980s eroded such advantages leaving the country one of the poorest in sub-Saharan Africa by the time of the first multiparty elections in 1991. Nominal per capita GDP fell from US\$ 630 in 1980 to US\$ 450 in 1990 and US\$ 300 in 2000."⁶⁸

Dependence of the economy on the mining sector has long been recognized as a problem and a new plan for diversification was launched by the government.⁶⁹ Lake also states that "Zambia has gone from being one of the most wealthy countries in the Sub-Saharan African region in the 1960s due to mineral deposits to having the highest level of income poverty and the fourth highest level of human poverty among Southern African countries at the end of the 1990s."⁷⁰

HIV/AIDS Donors: In Zambia several partners including DFID, USAID, EU and the Dutch are contributing to the National ARV Treatment Programme coordinated by the MoH.⁷¹ In Zambia, PEPFAR/USG, DFID, Global Fund and World Bank are the largest contributors to HIV and AIDS Programme.⁷² External funding increased significantly in Zambia with a nearly 700 percent increase in the last five years.⁷³

Zambia was one of the first countries to develop a sectoral investment programme and subsequently a SWAp, which is the pooling of donor funds for district health services, this was introduced in 1993. By 1998 there were six donors contributing to the 'basket', however, from around 1997 there was a period of stagnation in the SWAp progress due to

the breakdown in communication between donors due in part to personalities and in part to issues around governance and transparency with the GoZ. In 1999, as a means of restarting the donor partnership, an MoU was developed and signed in 1999, this clarified the roles for government and donors which led to the creation of other donor structures.⁷⁴ In addition, it was viewed by the Global Fund and other donors that the GoZ had a functioning mechanism that pooled donations for the health sector into a 'basket' which could channel money to more than 70 districts.⁷⁵

Capacity in Zambia: There are a number of concerns regarding the infrastructure and human resource deficiencies in Zambia which are necessary in order to deliver ARV treatment. HIV/AIDS treatment is expensive relative to other health interventions, and the sustainability of ARV treatment given the five year term of Global Fund support is of major concern and this has not been addressed in the Zambian context.⁷⁶

The levels of staffing to population in Zambia are far below WHO standards and Zambia ranks at the bottom in a scale that compares Southern African countries. This has affected Zambia's ability to respond to the HIV/AIDS crisis.⁷⁷ There are rural health posts that do not have medical staff for weeks at a time. Clinics in Lusaka are over flowing with patients and the medical staff find it very difficult to keep up. Many doctors and nurses work overtime shifts to try to keep up with the patient numbers.

HIV/AIDS in Zambia

HIV prevalence among Adults in Zambia in 2003:

Urban 23.1% positive
Rural 10.8 % positive
Women 17.8 % positive
Men 12.9 % positive
Total all adults 15.6%

In Zambia one in five pregnant women test positive and the prevalence rate is 16.5 %.

Source: Adapted from: A force of Change: The Global Fund at 30 Months. A Five Country Study. Page 64

A treatment cost study in Zambia by Kombe documented "that by providing HAART to everyone who is clinically eligible would be prohibitively expensive. It would cost about US\$ 50 million in the first programme year, rising to about US\$ 160 million by the fifth year - well over twice the entire annual public health budget. Because HAART extends the life of current HIV/AIDS patients and new infections continue, prevalence should be expected to increase as treatment is expanded. If HAART is provided to everyone who is eligible, adult HIV prevalence may rise from 16 percent at present to 18 percent in five years (under the assumption that the number of new infections stays constant)."⁷⁸ The study also warns that any programmes that start people on treatment must realize that once a person starts treatment they must continue treatment or die. Therefore, funding

mechanisms like the Global Fund should give considerable thought to putting patients on treatment if they provide funding in two and three year increments that have five year terms.⁷⁹

3 - Global Fund in Zambia:

The Global Fund has been operational in Zambia since 2002, PEPFAR since 2004 and the World Bank ZANARA project since July 2003.

The CCM in Zambia has submitted three proposals and two have been approved by the Global Fund. Round One and Round Four were approved in January 2003 and January 2005 respectively and most recently the Zambian proposal for Round Seven has been tentatively approved by the Global Fund - it had no HIV/AIDS component only Malaria. The approved Round One Global Fund Proposal in Zambia focuses on: Enhancing the prevention of sexually transmitted infections and HIV, Strengthening care and support for people living with and affected by HIV/AIDS and building and strengthening the capacity at all levels to respond to the burden of HIV/AIDS. The approved Round Four Global Fund Proposal in Zambia focuses on scaling up the antiretroviral therapy programme in Zambia. The goal of Round Four is to reduce HIV-related morbidity and mortality and, ultimately, the socio-economic impact of HIV/AIDS, and thereby contribute to the achievement of the Millennium Development Goals. The programme objective is to improve survival rates and quality of life of people living with advanced HIV infection.

Overlapping roles of the CCM with NACs continued to be problematic into 2004 for several reasons: the Global Funds focus on all three diseases, including malaria and TB along with HIV/AIDS; therefore, the pre-existing NACs (which focus only on HIV/AIDS) could not easily take on the role of the CCM. NACs historically were established within the last ten years and had a greater national legitimacy, usually being tied to legislation and reporting to senior government staff. Then the Global Fund emerged and offered the potential of much greater levels of resources than had been available to the NAC, all of which contributed to a competitive atmosphere between the NAC and MoH, as both were potential recipients of funds.⁸⁰

A longstanding weakness, which was widely reported in Zambia, was the low capacity of the NAC, which was under-funded and under-staffed. The negative spin-off for the Global Fund in Zambia was that the NAC was not in a strong position to undertake the additional role of supporting and acting as an effective Secretariat to the CCM. Another consequence of this was that the legitimacy of the CCM was still uncertain, as moves to harmonize or merge the CCM with the NAC, perhaps as a NAC subcommittee, were still on hold in 2004. Currently in Zambia, the NAC and the CCM remain different entities.⁸¹

The Global Fund structure in Zambia is unique as there are four PRs that can be evaluated. Both successful proposals utilize the same four PRs: the Central Board of Health/Ministry of Health (CBoH/MoH), the Ministry of Finance and National Planning (MoFNP), the Zambia National AIDS Network (ZNAN) and the Church Health

Association of Zambia (CHAZ). The PR is the entity that receives the disbursements from the Global Fund Geneva Office and then distributes the funds to the other departments or organisations (ministries, districts, NGO steering groups, and NGOs). While four PRs is a complex model, it was in keeping with the spirit of the Global Funds approach and enabled funds to be channelled directly to NGOs through organisations belonging to or representing their respective constituencies.⁸²

4 - Research Question:

How can variations between the performances of funding mechanisms in disbursing project funds to implementing partners be explained?

This is an important question as there will be even more funds added to the already huge amount of funding for HIV treatment and prevention globally. It is important to know which entities have the capacity to manage large sums of money and why, so the targeted population who should benefit from these funds will. The Global Fund has its framework for disbursing large sums of money and it relies on this framework of proposal review, recipient assessment, monitoring and audits to manage these grants. There has been much written on the proposal development process, project implementation and project management, however, there has not been much written on the absorption of the large amount of funds the PRs are processing. If the PR is unable to effectively disburse and monitor the use of these funds then the goals and objectives of the country proposal are not being met.

In Zambia there are four PRs which provides a wonderful opportunity to study the different funding mechanisms. At every stage there can be issues that block progress of Global Fund project implementation starting with the formation of the CCM, the dynamics of the CCM, the proposal development, the PR, partner NGOs or government facilities and even the communities. There have been multiple papers written about the CCM - the formation, potential conflicts of interest, the SoW, the participants, the management and so on. However, there has been little analysis done regarding the PR which can be a bottleneck to successful project implementation. The PR depending on which entity it is has policies and procedures it must follow and these can negatively impact the flow of funds. The flow of funds can have a great impact on the implementation of grants.

Certain hypotheses suggested in the literature can be advanced to account for the differential performance of PRs. This paper will analyze the performance of the various funding mechanisms by exploring six distinct aspects of their organisation and functioning: Systems and Procedures, the type of organisation Public or NGO, the implementation model Direct Implementation or Grants, the Staff Levels and Capacity of Staff, the involvement of NGOs and CSOs in project implementation and the Absorption of Funds. By looking at these six areas, this analysis will seek to explain differences in the performance of the PRs.

As stated above Zambia has four PRs which provides a unique situation in which to evaluate them. Two of the PRs are government entities the MoFNP and the CBoH/MoH and two are local NGO coordinating bodies ZNAN and CHAZ. Working within the government structure is very different than working with independent bodies such as NGOs. The CBoH/MoH and MoFNP have rules which affect the speed at which funds can be passed through to the implementing partners. It will be very interesting to look at the different mechanisms to determine which is the most effective. There will be documents to analyze such as the proposal, the work plan, funding requests, score card evaluations, grant performance reports and audits.

If it is known which type of PR is the most effective (based on a specific criteria) in disbursing and implementing their objectives then the processes that have enabled one PR to be successful can ideally be isolated. These processes can be analyzed and either incorporated by the other Global Fund PRs or the CCMs in Zambia and other countries can decide to change the PR in future proposals, thus having the potential for a much more successful proposal and project implementation. The Global Fund works within the National HIV/AIDS Strategic Framework in the country of operation; therefore, the Global Fund needs to support the government and government entities created to support HIV/AIDS interventions. This can cause pressures on the CCM to select government entities to be PRs, however, if there is documentation that non-government related PRs function more effectively then it would be easier for the CCM to justify the selection of a non-government related PR.

5 - Methodology and Research Design: This research question will be answered utilizing a qualitative research perspective evaluating four systems of funding mechanisms through evaluating two cases of approved Global Fund proposals in Zambia. The round one proposal started in March 2003 and round four in June 2005, therefore, four years and two years on one can track the spending levels of each PR. Audits, internal and external evaluations and reports submitted can all be reviewed.

The researcher will also utilize the approved proposal, Global Fund evaluations, tracking the information of funds disbursed to implementing partners from the PR, other evaluations conducted regarding the Global Fund projects in Zambia. There are also at least two local organisations that are tracking the success of all funding organisations, Global Fund, PEPFAR and the World Bank ZANARA project. The researcher will utilize reports and evaluations completed by these organisations as well.

Research Ethics: There will be no research involving human subjects.

Literature Survey: The literature survey included Global Fund documents (evaluations, reports and site assessments), Advocacy Group Reports, U.S. Government Reports from the Government Accountability Office to Congressional Committees, UNAIDS Reports, Papers from the Centre for Global Development, CCM Zambia Reports (Project Reports, drawdown status of spending, internal evaluations, etc.), Global Fund contributor (GF donors) evaluations and other INGO/Bi-lateral Papers.

Limitations: This study will evaluate the funding mechanisms within the Global Fund in Zambia not the other global funders including PEPFAR and the World Bank. This study will not be able to analyze the quality of project implementation on the ground. It will only be able to look at the four different PRs ability to disburse funds, the monitoring and site visits done by the Global Fund, evaluations from local organisations, evaluations and papers completed from international organisations including INGOs, Global Fund contributors and international Policy Organisations. The majority of evaluations conducted thus far have focused on the CCM and project quality, not specifically on the PRs.

The financial data utilized in this paper has been provided by the Global Fund website. The Global Fund uses this same data to report to its donors, this data is provided by the LFA which in the case of Zambia is PriceWaterhouseCooper's. The Global Fund is audited by its donors and these reports are also sourced in this paper. An independent watchdog of the Global Fund, AIDSPAN tracks the spending of the Global Fund programs. This organization is based in Kenya and regularly updates its website. The Zambia data on AIDSPAN supports the financial data that the Global Fund publishes in its reports and on its website. The figures of AIDSPAN are not as specific as on the Global Fund website; however, the rate of spending AIDSPAN reports is correct. For example, in May 2008 AIDSPAN states the Round One HIV/AIDS project in Zambia is 5.5 months behind in spending and the Round Four HIV/AIDS project in Zambia is 10.5 months behind in spending.⁸³

This paper uses the country proposals submitted by the CCM in Zambia and approved by the Global Fund. It also uses Global Fund documents such as Grant Scorecards and Grant Performance Reports which are all Global Fund Documents. Grant Scorecards and Grant Performance Reports are each done for each Round on each PR. As the author of this paper is not comparing the Global Funds effectiveness with other donors such as PEPFAR or the World Bank, using these documents to compare internal Global Fund PRs would not produce a bias. This paper is comparing four different internal Global Fund funding mechanisms; it is not looking at the quality of program implementation of each PR or the quality of Global Fund activities, both of which is beyond the scope of this paper. In addition, this paper utilizes two US Congressional Audits, six papers published by the Centre for Global Development: HIV Monitor, thirteen papers from independent organizations or individuals and three papers support by UNAIDS.

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Chapter 2: Case Study One – Analysis

This chapter will analyze the Round One HIV/AIDS sector proposal for Zambia. It will first look at the make up of the CCM which is the body that signs off on the proposal and selects the PRs. As this was Zambia's first approved proposal this chapter looked at how the CCM membership organised itself and highlights the initial plan for the disbursement of the funds and the subsequent change to the current system of four PRs. The grant agreement between the Global Fund and the PR and the Programme Implementation Abstract is scrutinized listing the conditions of the grant. This is done as there are some changes between Round One and Round Four, the Global Fund has utilized lessons learned. Following the above various documents are analyzed for each of the four PRs including the Grant Performance Report, the Grant Scorecard, the amendment to the original grant agreement and the Cash Request Summaries. By doing this one can see the progress of each of the PRs from the signing of the agreement to what it had accomplished regarding funds expensed and targets reached.

The CCM for the Round One Global Fund application had 19 Members and it was a mix of Ministry Staff (six), Civil Society (six), Private sector (two), UN and Bi-laterals (three), faith-based (one) and academic (one). The CCM had the following members and the Chairperson is the Permanent Secretary of Health:

1. Ministry of Health, Permanent Secretary
2. Ministry of Finance and National Planning, Permanent Secretary
3. Gender in Development Division, Cabinet Office, Permanent Secretary
4. Ministry of Information and Broadcasting Services, Permanent Secretary
5. Ministry of Education, Permanent Secretary
6. Ministry of Community Development and Social Services, Permanent Secretary
7. Barclays Bank (Zambia Business Coalition), Managing Director
8. Family Health Trust, Zambia AIDS Network, Director
9. Youth Forum Zambia National Youth Forum, Chairperson
10. Traditional Healers and Practitioners Assoc. of Zambia, President
11. Community Based Tuberculosis Organisation, Director
12. UNAIDS (multi-lateral agency), Programme Advisor
13. World Bank (multi-lateral agency), Deputy Representative
14. Church of God, (faith based organisation), Regional Representative
15. Tropical Diseases Research Centre (malaria), Chairperson
16. Network of People Living with HIV/AIDS in Zambia, (People Living with HIV/AIDS), Vice-Chairperson
17. Academic Educational Sector, Deputy Vice-Chancellor
18. USAID (bilateral agency)
19. Zambia Private Media Association, Director

The CCM takes many of its members from the National HIV/AIDS, STD/TB Council, the National Malaria Task Force, the government, the private sector, non-governmental organisations (NGOs), the private sector and cooperating partners. The Round One proposal states that "The formation of the CCM begun with a process of dialogue among

the key stakeholders and has been inclusive and collaborative.”¹ The CCM will meet quarterly, however, the first year the CCM met monthly. The CCM will have two Secretariats one for HIV/AIDS/STD/TB and the other for Malaria and the CCM will have specialized committees, technical working groups and a technical review panel.

The CCM lists the following as its major functions and responsibilities:

- Advise government on policy and program implications of the Global Fund related processes and activities in the country;
- Oversee of country proposals to the Global Fund;
- Supervise of technical committees and working groups in connection with the Global fund programs;
- Provide financial supervision and monitoring of Global Fund committed financial resources;
- Monitor and evaluate Global Fund related programs activities, outputs and impact; and
- Any other duties related or coincidental hereto.

The CCM wants to focus on the following for the first twelve months after receiving funds:

- Ensure that capacity is built in the two secretariats for effective implementation of the programs.
- Develop systems and procedures for funds disbursement, and program monitoring and reporting.

Source: Proposal Zambia, Title: Zambia’s Coordinated Proposal to Combat HIV/AIDS, Tuberculosis and Malaria. Year 1 Round 1 Page 19

The Main Objectives for the HIV/AIDS area are to reduce new infections and to mitigate the impact of the disease.

For HIV/AIDS the expected outcomes from the project are the following:

- Reduced HIV/AIDS prevalence among 15-19 year olds from 15% in 2001 to 11% in 2006;
- Increased use of condoms y 15-19 year olds during the last sexual act with a non-marital sexual partner from the current rates, in 2001, of 39% for males and 33% for females to 60% and 50% respectively by year 2006;
- Increased abstinence among youths (15-19 years) from 25% in 2001 to 50% by the year 2006;
- Reduced mother-to-child transmission from the current (2001) 39.5% to 19% by the year 2006;
- Increased number of STI cases appropriately diagnosed and treated from 10% in 2001 to 50% by the year 2006;
- Increased number of public facilities offering ARVs from 0 in 2001 to 20 by the year 2006;
- Increased Voluntary Counseling and Testing including knowledge of status from the current 6% in 2001 to 15% of the population by the year 2006.

Source: Proposal Zambia, Title: Zambia's Coordinated Proposal to Combat HIV/AIDS, Tuberculosis and Malaria. Year 1 Round 1 Page 4

The total amount for HIV/AIDS to be received from the Global Fund for HIV/AIDS for 2002 to 2006 is the following in US Dollars:

Year 1	Year 2	Year 3	Year 4	Year 5	Total
\$19,858,000	\$22,440,000	\$22,440,000	\$14,655,000	\$13,454,000	\$92,846,000

The above funds will focus on the following priorities over the five year time period:

- STI management to benefit health personnel, STI patients and the general public;
- Multi-sectoral behavior change communication campaigns to benefit target populations, communities and the public at large;
- Government condom promotion and distribution to benefit people who live in areas where social marketing channels are lacking and people who cannot afford to buy condoms;
- Safe blood and blood products.
- Projects targeted at high risk and vulnerable groups to benefit vulnerable groups like orphans, sexual workers and truckers;
- Voluntary counseling and testing for the Zambian population.
- Prevention of mother-to-child transmission to benefit HIV positive mothers and new born babies;
- Community-based care for the benefit of people living with HIV/AIDS, households (particularly women), communities and community-based organisations.
- Gender-specific interventions to benefit mainly young people, boys, girls, women, widows and orphans.
- Treatment of opportunistic infections and the use of ARVs.

Source: Proposal Zambia, Title: Zambia's Coordinated Proposal to Combat HIV/AIDS, Tuberculosis and Malaria. Year 1 Round 1Page 25

Originally in the proposal the NGO community and the private sector would be reached mostly through umbrella organisations. It was planned the umbrella organisations would:

- Review applications and relate to the technical review panel responsible for screening and reviewing applications and proposals;
- Provide support to their affiliates and monitor progress; and
- Contribute to building capacity.

Source: Proposal Zambia, Title: Zambia's Coordinated Proposal to Combat HIV/AIDS, Tuberculosis and Malaria. Year 1 Round 1Page 27

The Zambian CCM members proposed a financial management system not in line with Global Fund policy. For example, they proposed that the funds would be transferred from the Global Fund to the Project Management Unit at the Ministry of Finance and National Planning and the funds would then be transferred to the fund-holders at the request and approval of the CCM. The proposed fund-holders the Church Health Association of Zambia, the Non-Governmental Organisation Coordinating Committee, the Central Board of Health, the Zambia Social Investment Fund, the National AIDS Council (NAC) and the Zambia Business Coalition. The fund-holders would request and disburse funds with the approval of the CCM. Each of the fund-holders would disburse

funds to implementing partners; NGOs, CBOs, Districts and Ministries. The mechanism for these transfers is not clarified or very transparent in the public document. The proposal states the main player in this proposal is the CCM, which will coordinate the programme and ensure that the deliverables reach the target beneficiaries.

The initial plan in the proposal was to divide the funds for the first year as follows:

US\$ 19,858,000

Implementing Partner	Human Resources	Logistics Supplies	Training Supervision	Outreach Services	Commodities	Data Information	Total
Government	1,600,000	1,000,000	1,480,000	720,000	6,200,000	778,000	11,778,000
Civil Society	982,000	400,000	1,200,000	1,200,000	2,720,000	300,000	6,802,000
Private Sector	17,000	30,000	132,000	120,000	250,000	100,000	649,000
Donors	20,000	26,000	100,000	60,000	280,000	143,000	629,000
Total	2,619,000	1,456,000	2,912,000	2,100,000	9,450,000	1,321,000	19,858,000

The division was as follows:

Government: 59.3 percent
 Civil Society: 34.2 percent
 Private Sector: 3.3 percent
 Donors: 3.2 percent

Please see below for the actual flow of funds in US Dollars for the first two years of the Round One Grant:

#	Name of Organisation	Amount of Funds Received
1	Central Board of Health	\$21,214,271
2	Ministry of Finance and National Planning	\$6,395,758
3	Zambia National AIDS Network	\$8,073,013
4	Churches Health Association of Zambia	\$6,614,958
Total		\$42,298,000

The division over the first two years was as follows:

CBoH: 50.1 percent
 MoFNP: 15.1 percent
 ZNAN: 19.1 percent
 CHAZ: 15.6 percent

The difference is as follows:

<u>Proposal:</u>	<u>Actual Implementation:</u>
Government: 59.3 percent	65.2 percent
Civil Society: 34.2 percent	34.7 percent
Private Sector: 3.3 percent	0

Donors: 3.2 percent

0

Therefore, the CCM decided not to fund the private sector or the donors and absorbed that funding to increase the funds to the CBoH and the MoFNP.

Grant Agreement between the Global Fund and the PR:

- The program is further described in Annex A - Program Implementation Abstract.
- The Global Fund obligates funds only for the first two years - Phase One.
- Funds shall be free from taxes and duties imposed under laws in effect in the host country - CCM should help achieve this.
- The World Bank is the Trust Agent for the Global Fund and will funds will be made available to the PR from the 'Trust Fund' held at the World Bank.
- PR request funds approximately every three months - approval based on achievement of program results and expected cash flow needs of the PR.
- PR shall have annual audits - PRs should ensure SRs have audits per plan.
- The PR shall actively keep the CCM continuously informed about the program - through agreed upon reports as reasonably requested by the CCM.
- The PR is responsible for the activities of the SRs and shall furnish the Global fund a copy of the agreements used between the PRs and SRs.
- If more then one PR the PR will coordinate with the other PRs to improve the program.
- The PR must cooperate with the appointed LFA to enable the LFA to fully carryout its functions as follows: submit all reports, disbursement requests and other communications to the Global Fund through the LFA, submit copies of all audit reports, permit the LFA to perform ad hoc site visits at times and places decided by the LFA, allow the LFA to review books and records related to the Program, cooperate with the LFA to identify additional training and capacity that the PR may need to implement the Program, cooperate with the LFA in other ways that the Global Fund may specify in writing.
- Implementation Letters will be issued from time to time to provide guidance and help the PR better implement the program.
- Programmatic and financial reports due quarterly and annually - 45 days after the end of the quarter or year.
- Within 90 days of the signing of the Grant Agreement a monitoring plan must be submitted to the Global Fund and approved by the Global Fund. The Global Fund will provide more guidance on this through Implementation Letters.
- Policies and practices used to contract goods and services under this agreement must be submitted and incorporate a list in the grant agreement.
- All procurement of medicines and diagnostic technologies must be pre-approved by the Global Fund.
- Standard Conflict of Interest clause in the contract.

Source: Adapted from: Programme Grant Agreement between the Global Fund to Fight AIDS, Tuberculosis and Malaria and the Zambia National AIDS Network. Phase One <http://www.theglobalfund.org/programmes/grantdetails> Round 1 Pages 1-20

Central Board of Health

The programme title for CBoH is the Central Board of Health's Programme to Combat HIV/AIDS. The programme's starting date was July 25, 2003 and the completion date was July 25, 2005 and the proposal completion date is July 24, 2008. Therefore, the project as stated above is divided into two phases and Phase One is for two years and Phase Two is for three years.

According to the Global Fund the CBoH PR has met the criteria and has spent the first two years of funding (US\$ 21,215,271), however, the below information clearly shows the CBoH has not expensed its funds for Phase One. The CBoH has been evaluated by the Global Fund and has been approved for the Phase Two funding. Therefore, the existing grant agreement was amended and the obligated amount was increased by US\$ 19,670,657 for a total five year grant of US\$ 40,885,928.

There were areas of concern prior to signing the initial grant agreement they include:

- Financial Management and Systems: Areas identified for further systems strengthening included the tracking of actual expenditures against budgets, reporting variances, and reworking budgets in the course of implementation.
- Institutional and Programmatic: The need for general human resources capacity development was identified particularly in the areas of long range planning, project management, and the strengthening of human resources at the district level. These issues still need to be addressed.
- Procurement and Supply Management: Suggestion made that CBoH should consider pre-qualifying firms that are technically and financially capable of fulfilling the required services and tendering for framework contracts in order to limit repeated tendering.
- Monitoring and Evaluation: Capacity building was needed to ensure that data is regularly reported in a timely manner from the districts.

Source: Grant Performance Report. CBoH <http://www.theglobalfund.org/programmes/grantdetails> Round 1 Page 14

There were also two Major Conditions mentioned in the Grant Agreement:

- Evidence by means of an assessment of the PRs procurement and supply management systems that it can satisfactorily undertake such procurement. (Assessment conducted and approved by the Global Fund)
- A plan for monitoring the performance and sustainability of procurement and supply management systems (the monitoring plan should include tracking of procurement prices, distribution costs, and other measures of procurement and supply system performance and sustainability). (Procurement plan done and approved by the Global Fund Procurement of antiretroviral therapy and some other products will be handled by UNICEF).

Both of these conditions were met prior to signing the Grant Agreement.

Source: Grant Performance Report. CBoH

<http://www.theglobalfund.org/programmes/grantdetails> Round 1 Page 15

Progress was made on the majority of indicators. As with the other two PRs the M&E capacity should be strengthened with additional staff and there should only be one list of indicators and one monitoring and evaluating system for all partners. Funds were received late in the second quarter which pushed back the implementation of activities.

The evaluation of Phase One states the PRs expenditure was less than the actual expenditure. The actual expenditure was US\$ 6,494,746 and the actual budgeted amount was US\$ 11,076,451 which is quite a bit less than the US\$ 21,214,271 allocated by the Global Fund for Phase one. The delay in spending was blamed on delays in approval procedures, previous activities behind in completion, slow procurement and staffing limitations.

The Global Fund has strongly recommended the hiring of a person to focus on forecasting and coordinating the ARV needs of the country. There have also been delays in the development of budgets and work-plans and major procurement bottlenecks all of this has severely delayed the activities. During this reporting period it has been documented that other donors and NGOs have been able to procure necessary programme items such as ARVs and Test Kits which show the need for better reporting and disclosure of challenges by the CBoH. The CBoH had to rely on the Zambia National Tender Board for ARVs, test kits and supplies, as well as, to contract television messages on prevention. There was a major backlog of items for procurement at the Tender Board so none of the items requested by the CBoH for these activities were procured. In Phase Two the CBoH will focus on the procurement issues, financial management and will work towards the production of timely annual reviews to highlight challenges in implementation.²

There seems to be conflicting information provided in the Global Fund evaluations. The Grant Performance Report dated May 2006 states that only US\$ 6,494,746 (30%) of the CBoH's funds were expensed but the Grant Scorecard states that US\$ 15,136,307 (71%)

was expensed. The Global Fund also believes the balance will be expensed prior to the end of Phase One; therefore, the CBoH was given a 'Go' for Phase Two. The balance of funds will be spent on ARVs, HIV test kits, home based care kits and other supplies.

There is one issue that the Global Fund wants to suggest remedial action:

Issue: Delays in procurement of health products

Remedial Actions: The Procurement Unit of CBoH, under the direction of the Director General, will be requested to prepare a detailed plan of operational procedures. Which would include additional staff and any other necessary resources, that commits to a clear process and related timeline through which various organisations will coordinate the procurement of health products to ensure their timely delivery to the Zambian people: Operational units and PRs requiring procurement of health products, Procurement Unit of CBoH and Zambia National Tender Board.³

Ministry of Finance and National Planning

The programme title for MoFNP is the Ministry of Finance and National Planning's Programme to Combat HIV/AIDS. The programme start date was January 1, 2004 and the completion date was December 31, 2005 and the proposal completion date is December 31, 2008, which is six months later than the other PRs for this grant. As with the other two PRs the project is divided into two phases and Phase One is for two years and Phase Two is for three years.

The grant for the two year period for the MoFNP is US\$ 6,395,758 and the funds will be used to support programme activities to be carried out by the MoFNP and other ministries. The Global Funds agent still has not published the results of the Global Fund assessment. The documents available state that the evaluation is still in progress and there were also conditions made that were tied to the grant agreement they were as follows:

- A plan for the procurement and use of health products that will be procured with grant funds, including the diagnostic technologies to be used.
- Evidence by means of an assessment of the PRs procurement and supply management systems that can satisfactorily undertake such as procurement.
- A plan for the monitoring and evaluation of the Program, including a description of the roles and responsibilities of the Ministry of Finance and National Planning and the National HIV/AIDS/STI/TB Council.
- A specific person in the MoF to manage the Global Fund project.
- Evidence by means of an assessment of the PRs monitoring and evaluation plan and capacity that it can satisfactorily monitor and evaluate the implementation of the Program.
- An operational plan (including intended results) and a detailed budget, stated separately for each of the last six quarters of the Program.
- The annual report required under Article 13b (2) of this Agreement shall be due not later than 90 (rather than 45) days after the close of each fiscal year of the PR.
- The requirement to submit the interim assessment report under Article 13b(3) of this Agreement is hereby deleted (no interim report required).

Source: Grant Performance Report. MoFNP

<http://www.theglobalfund.org/programmes/grantdetails> Round 1 Page 8

Per the documentation the MoFNP requested US\$ 1,166,000 and received US\$ 1,166,000 this should have been requested soon after signing, however, the request was made in January 2005. A second request was made in September 2006, however, according to documents was not received. None of the nine targets were even closely met. The MoFNP did disburse funds to the other line ministries, however, it was noted that the reporting from the ministries regarding activities was very weak. The following ministries received funding in US Dollars:

State House	\$17,153
Office of the President	\$14,704
Defence	\$36,623
Home Affairs	\$44,603
Works and Supply	\$38,127
Education	\$79,433
Mines	\$37,135
Lands	\$29,789
Youth and Sports	\$16,322
Justice	\$31,771
Energy and Water	\$38,662
Foreign Affairs	\$30,609
Communication	\$55,551
Agriculture	\$51,634
Labor	\$46,555

Science	\$49,896
Community	\$62,804
Tourism and Environment	\$36,678
Finance	\$23,595
Health	\$35,892
Cabinet & PSMD	\$50,001
Information	\$29,788
Local Government	\$28,828
National Assembly	\$23,605
Auditor General	\$28,796
Commerce	\$31,804
Judiciary	\$32,767
National AIDS Council	\$80,000
Total:	US\$ 1,083,128

Source: Zambia: Grant Cash Disbursement Requests. Requests No. 2 MoFNP
<http://www.theglobalfund.org/programmes/grantdetails> Round 1 Page 6

The cumulative progress to date shows no progress on any of the indicators. It has been noted under the ZNAN and CHAZ sections that the Global Fund will not move forward with the Phase Two for the MoFNP, they will not receive a 'Go' and they will not receive an increase in grant funds. The Grant amount for Phase Two (if or when approved) is US\$ 2,520,222 for a total of US\$ 8,915,980.

Zambia National AIDS Network

The programme title for ZNAN is the Zambia National AIDS Network's Programme to Combat HIV/AIDS. The programme starting date was July 25, 2003 and the completion date was July 25, 2005 and the proposal completion date is July 24, 2008. Therefore, the project as stated above is divided into two phases and Phase One is for two years and Phase Two is for three years.

According to the Global Fund the ZNAN PR has met the criteria and has spent the first two years of funding. ZNAN has been evaluated by the Global Fund and have been approved for the Phase Two funding. Therefore, the existing grant agreement was amended and the obligated amount was increased by US\$ 12,131,468 for a total five year grant of US\$ 20,204,481.

The initial assessment of ZNAN by the Global Fund's agent had highlighted shortcomings; therefore, seven items were highlighted (below) and three Major Conditions tied to the grant agreement (following).

- Need to develop and implement a financial management system.
- A need to increase staff levels in the finance department to manage high volume of work.
- ZNAN to provide refresher trainings to finance staff of the SRs to improve the integrity and timeliness of quarterly reports.
- ZNAN needs training on managing exchange gains and loses.
- ZNAN to develop transparent procedures to request, review and evaluate project proposals from potential SRs.
- ZNAN should ensure all earmarked funds are appropriately used for procurement as per the memorandum of understanding (MoU) with CHAZ and the grant agreement.
- There is a need for ZNAN to make improvements in reporting and intensify financial and activity monitoring of sub-recipients.

Source: Adapted from: Grant Performance Report. ZNAN
<http://www.theglobalfund.org/programmes/grantdetails> Round 1Page 13

The Major Conditions were met:

- ZNAN has put adequate systems in place.
- The governance structure is adequately described in the Grants Manual.
- The Monitoring and Evaluation plan prepared is sufficient to monitor indicators.

Source: Adapted from: Grant Performance Report: ZNAN
<http://www.theglobalfund.org/programmes/grantdetails> Round 1Page 14

Despite the approval of Phase Two funding there were still some issues noted at the end of the second year.

- PR should improve in its consolidation of achievements made by the SRs. ZNAN should intensify financial and activity monitoring of SRs.
- ZNAN should continue to provide refresher training to staff in the finance functions of the SRs to enhance the integrity of the accounting systems, quality and timeliness of quarterly reports, and above all, build stronger controls environments.
- There are still challenges for monitoring and evaluation and there needs to be stronger reporting mechanisms between ZNAN and its sub-recipients.

Source: Adapted from: Grant Scorecard ZNAN
<http://www.theglobalfund.org/progrmas/grantdetails> Round 1Page 14

At the end of Phase One ZNAN should have expended and disbursed US\$ 8,073,013, however, it had a balance of US\$ 2,070,531, therefore, ZNAN had absorbed only 74 percent of their two year budget. The Global Fund had high expectations for ZNAN and believed they would be able to implement a proposal round within 90 days to disburse the balance of funds prior to the end of the two year period.

The Global Fund holds ZNAN in high regards as a 'learning organisation' that has an honest leader who early on requested assistance when needed and worked very well with the LFA. The belief is that ZNAN has been a good steward of Global Fund monies.⁴ ZNAN has shown that it can go through the entire sub-grant cycle in 60 to 75 days including the call for proposals, their review, and the negotiation of the terms of the various grants. The grant amounts vary from as high as US\$ 282,927 to as low as US\$ 3,000, there seems to have been no set criteria for the call for proposals.

The Global Fund did state that despite ZNAN's strong performance it should be noted that there were data integrity concerns and that the overall targets were not highly ambitious given the context of the national response and the funds committed. The Global Fund has classified Phase Two as a 'go' for ZNAN, however, one focus for them will be to set more ambitious targets and put more resources into monitoring and evaluation to improve data integrity.

Churches Health Association of Zambia

The programme title for CHAZ is the Churches health Association of Zambia's Programme to Combat HIV/AIDS. The programmes starting date was July 25, 2003 and the completion date was July 25, 2005 and the proposal completion dates is July 24, 2008. Therefore, the project as stated above is divided into two phases and phase one is for two years and Phase Two is for three years.

According to the Global Fund the CHAZ PR has met the criteria and has spent the first two years of funding. CHAZ has been evaluated by the Global Fund and has been approved for the Phase Two funding. Therefore, the existing grant agreement for US\$ 6,614,958 was amended and the obligated amount was increased by US\$ 16,225,653 for a total five year grant of US\$ 22,840,611.

The initial assessment of CHAZ by the Global Fund's agent had highlighted shortcomings that needed to be addressed. Capacity building needs were identified and addressed in financial management and administration. Capacity building needs were also highlighted in the Institutional Programmatic areas specifically, proposal appraisal and project management. The grant review process needed to be more transparent and efficient. Faith based SRs had a variety of gaps and ongoing long-term capacity building was needed to assure accountability and reporting on the use of funds. Procurement and supply management will be managed by the CBoH so no need too look into those areas. That is interesting as it states that in the ZNAN agreement CHAZ would manage the procurement of items for ZNAN, however, the CHAZ agreement states the CBoH will procure items needed for CHAZ. Monitoring and evaluation areas need strengthening especially in programme management and in the management of information systems.⁵

When the Global Funds agent conducted a progress review there were still outstanding issues raised:

- April 2004 - Program Officers and Accountants are in need of further training in computer skills to carry out their work more efficiently.
- June 2004 - The PRs Program Managers need skills training in Microsoft Office programs, especially Excel, to improve program and data management capacity and reporting.
- Dec 2004 - The above issues are still problems. A unified reporting format should be developed for all SRs to ensure accurate, complete and timely reporting. Systems should be developed for timely request and disbursement of funds to achieve effective program implementation and results. An additional M&E Officer should be recruited to improve program monitoring and reporting. An accurate exchange rate should be entered into the accounting package and regularly updated. An effective/efficient procurement system should be developed for drugs and other products to ensure timely implementation.
- Sept 2005 - CHAZ should improve its M&E system, and also offer refresher training to finance staff and SR staff.

Source: Adapted from: Grant Performance Report CHAZ
<http://www.theglobalfund.org/programmes/grantdetails> Round 1 Page 21

In July 2004 the Global Fund decided not to disburse the full PR request as the PR failed to reach many of the performance targets. The explanation was only partially satisfactory.⁶

The Global Fund views CHAZ as a very strong 'A' performing grant. CHAZ was reporting on ten SDAs in terms of performance they fall into two categories: the first activities whose implementation were entirely within the control of CHAZ and two activities where CHAZ was dependent upon a third party the CBoH for the procurement of health supplies.⁷

The Global Fund believes that CHAZ has strong leadership and is pro-active to solve problems. For example because of the problems with procurement and the CBoH, CHAZ has applied to the CCM to be able to manage their own procurement through a procurement agent in Phase Two. However, even though CHAZ has been ranked 'A' there are still some gaps in their capacity which need to be addressed in Phase Two such as M&E (still haven't hired the recommended additional person), no quality control system for data collection and reporting and programme management issues with the mission hospitals. Also as mentioned above for ZNAN, CHAZ also needs to set more ambitious targets in the core areas.

At the end of Phase One CHAZ should have expensed US\$ 6,614,958, however, it had a cash balance of US\$ 2,002,050 and US\$ 1,100,700 yet to be disbursed from the Global Fund; therefore, CHAZ had absorbed only 46 percent of their two year budget. However, the Global Fund had high expectations for CHAZ and believed they would be able to use the balance to undertake normal programme activities including disbursing funds too SRs, therefore, the Phase Two was given a 'Go'. Despite the low percentage of funds spent in the first Phase the Global Fund anticipates that CHAZ will not have a balance at

the end of Phase One. The Global Fund approved the full amount for Phase Two of US\$ 16,225,653.

This chapter has analyzed the Round One HIV/AIDS sector proposal for Zambia. It first looked at the make up of the CCM which is the body that signs off on the proposal and selects the PRs. As this was Zambia's first approved proposal this chapter looked at how the CCM organised itself by listing its major functions and responsibilities, and highlights the changes made to the plan for the disbursement of funds which initially did not conform to Global Fund regulations. The grant agreement between the Global Fund and the PR and the Programme Implementation Abstract has been scrutinized listing the conditions of the grant. Finally, the four PRs are analyzed utilizing documents which included the Grant Performance Report, the Grant Scorecard, the amendment to the original grant agreement and the Cash Request Summaries. Each PR now has a short summary documenting the challenges, successes and accomplishments and the recommendations made by various evaluations conducted on the progress of each PR. This section will be compared with the next chapter which analyzes Round Four to document lessons learned and compare progress.

¹ Proposal Zambia, Title: Zambia's Coordinated Proposal to Combat HIV/AIDS, Tuberculosis and Malaria, Agency: CCM Zambia, Annex 4. ID: 201. Year 1: \$19,858,000US Total: \$92,847,000US Available: <http://www.theglobalfund.org/programs/grantdetails> Page 18

² Grant Scorecard: ZAM-102-G04-H-00. Principal Recipient: The Central Board of Health of the Government of Zambia. Grant Number: ZAM-102-G04-H-00 Round 1 – Phase 2 Available: <http://www.theglobalfund.org/programs/grantdetails> Page 2

³ Grant Scorecard: ZAM-102-G04-H-00. Principal Recipient: The Central Board of Health of the Government of Zambia. Grant Number: ZAM-102-G04-H-00 Round 1 – Phase 2 Available: <http://www.theglobalfund.org/programs/grantdetails> Page 3

⁴ Grant Scorecard: ZAM-102-G08-H-00. Principal Recipient: Zambia National AIDS Network. Grant Number: ZAM-102-G08-H-00 Round 1 – Phase 1 Available: <http://www.theglobalfund.org/programs/grantdetails> Page 2

⁵ Grant Performance Report: ZAM-102-G04-H-00. Grant Title: Churches Health Association of Zambia's Program to Combat HIV/AIDS. Principal Recipient: The Churches Health Association of Zambia – Program Start Date: 25-July-03 Available: <http://www.theglobalfund.org/programs/grantdetails> Page 20

⁶ Grant Performance Report: ZAM-102-G04-H-00. Grant Title: Churches Health Association of Zambia's Program to Combat HIV/AIDS. Principal Recipient: The Churches Health Association of Zambia – Program Start Date: 25-July-03 Available: <http://www.theglobalfund.org/programs/grantdetails> Page 22

⁷ Grant Scorecard: ZAM-102-G04-H-00. PR Churches Health Association of Zambia's Program to Combat HIV/AIDS. Round 1 – Phase 2 Available: <http://www.theglobalfund.org/programs/grantdetails> Page 2

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Chapter 3: Case Study Two – Analysis

This chapter will analyze the Round Four HIV/AIDS sector proposal for Zambia. It will first look at the make up of the CCM which is the body that signs off on the proposal and selects the PRs. It will highlight the differences from the CCM in Round One. This chapter will also look at the six objectives of the Round Four proposal and the yearly amounts and how the funds were divided between the PRs. The grant agreement between the Global Fund and the PR and the Programme Implementation Abstract is scrutinized listing the conditions of the grant which are slightly different from Round One. Following this various documents are analyzed for each of the four PRs including the Grant Performance Report, the Grant Scorecard and the Cash Request Summaries. By doing this one can see the progress of each of the PRs from the signing of the agreement to what they have accomplished regarding funds expensed and targets reached.

The CCM for the Round Four Global Fund application had 18 Members and one Chairperson, it was a mix of Ministry/Government Staff (six), Civil Society (six), Private sector (one), UN and Bi-laterals (four), Faith-based (one) and academic (one). The CCM had the following members and the Permanent Secretary of Health is still the Chairperson:

1. Ministry of Health, Permanent Secretary
2. Ministry of Information and Broadcasting Services, Permanent Secretary
3. Ministry of Education, Permanent Secretary
4. Barclays Bank (Zambia Business Coalition), Managing Director
5. Zambia National AIDS Network, Executive Director
6. Youth Forum Zambia National Youth Forum, Chairperson
7. Traditional Health Practitioners Association of Zambia, President
8. ZAMCOM (Government), Director
9. Community Based TB Organisation, Director
10. UNAIDS (multi-lateral agency), Country Coordinator
11. World Bank (multi-lateral agency), Health and Nutrition Specialist Focal Point for Zambia
12. Church of God, (faith based organisation), Regional Representative
13. Tropical Diseases Research Centre (malaria), Board Chairperson
14. Network of People Living with HIV/AIDS in Zambia, (People Living with HIV/AIDS), Vice-Chairperson
15. Ministry of Finance and National Planning, Permanent Secretary
16. Royal Netherlands Embassy, First Secretary – Health
17. University of Zambia, Deputy Vice Chancellor
18. WHO, WHO Representative
19. Ministry of Community Development and Social Services, Permanent Secretary

There have been some changes since Round One there is one member less from the private sector and an additional bi-lateral member. The most significant change is that there is no member from the USG which is the largest supporter of HIV/AIDS

programming in Zambia namely PEPFAR. Therefore, there is no member from the PEPFAR programme reviewing the Global Fund proposal to look at overlaps or gaps.

The goal of the Round Four proposal is: To reduce HIV-related morbidity and mortality and, ultimately, the socio-economic impact of HIV/AIDS, and thereby contribute to the achievement of the United Nations Millennium Development Goals.¹

For the proposal (the entire proposal is for HIV/AIDS there is no TB or Malaria component) the project will focus on the following objectives that fall into six service areas:

- ***Provision of quality, affordable ARVs to people living with advanced HIV/AIDS***, focusing on minimizing gender inequities; targeting vulnerable groups (young girls, sex workers, children born to mothers with HIV/AIDS, mobile workers, and heterosexual males and females in the reproductive age groups); for both rural and urban populations not able to pay.
- ***Development of the national human resource capacity to deliver ART***, through pre-service and in-service training of health professionals in ART delivery; and training of non-health ART agents (ART adherence supporters, peer educators, community leaders/opinion influencers, etc) to support ART delivery.
- ***Strengthening the role of the community in the provision of ART*** by promoting ART literacy through various media channels (electronic, print, and radio). This will focus on reducing stigma, mobilizing the community for ART, creating awareness of ART services and promoting compliance with treatment.
- ***Enhancing infrastructure and equipment capacity***, focusing on assessment of infrastructure and equipment for the expansion of ART to all districts in the public, NGO, FBP and private sectors; building up the infrastructure and equipment capacity of health facilities to deliver ART in all sectors; refurbishing existing structures; and procuring ART equipment for the three health facility levels.
- ***Strengthening the procurement and storage of AIDS drugs and medical supplies***, focusing on systems development, that is. Strengthening local capacity too handle all aspects of logistics management and information systems; the selection of drugs, medical and laboratory supplies; improving forecasting, quantification, and procurement; improving storage and distribution and sub-systems; promoting rational drug use; establishing and operationalizing the National Drug Quality Control Laboratory; establishing an adverse drug reaction reporting system; fast tracking registration of ARVs; and promoting local manufacture of ARVs.
- ***Improving the monitoring and evaluation of the ART Program***, focusing on policy, institutional capacity, and service delivery.

Source: Adapted from: Proposal Zambia: Title: Scaling-up Antiretroviral Treatment for HIV/AIDS in Zambia. <http://www.theglobalfund.org/programmes/grantdetails> Round 4 Page 4

The total amount for HIV/AIDS to be received from the Global Fund for HIV/AIDS for January 2005 to December 2009 is the following:

Year 1	Year 2	Year 3	Year 4	Year 5	Total
\$26,770,777	\$41,830,945	\$51,437,422	\$62,054,990	\$71,513,938	\$253,608,072

This proposal is much clearer regarding the mechanism for implementing the programme. The Round Four proposal will use the same four PRs as the previous Round One proposal. It is stated in this document that the CBoH/MoH, the MoFNP, ZNAN and CHAZ are all doing an excellent job in managing the current Global Fund Round One proposal, three of which have graduated on to Phase Two. The CBoH/MoH managed 57 percent of the previously disbursed funds from the Global Fund, MoFNP nine percent, ZNAN 19 percent and CHAZ 15 percent. These four PRs will continue to implement the Round One project until 2007 and will start the Round Four project in 2005. As all four PRs were in fact behind in spending in Round One, the Round Four implementation will be a major amount of additional work.

The comprehensive plan in the proposal was to divide the funds over the five years as follows in US Dollars:

US\$ 253,608,072

Area	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Human Resources	\$6,221,500	\$9,172,211	\$10,308,451	\$11,817,110	\$13,440,522	\$50,959,794
Infrastructure & Equipment	\$5,125,000	\$3,250,000	\$2,000,000	\$1,500,000	\$1,000,000	\$12,875,000
Training	\$4,568,550	\$2,055,800	\$913,900	\$913,900	\$913,900	\$9,366,050
Commodities & Products	\$2,391,794	\$4,649,807	\$6,503,977	\$8,171,241	\$9,652,768	\$31,369,587
Drugs	\$6,304,869	\$19,264,562	\$27,625,487	\$34,849,318	\$40,964,733	\$129,008,969
Planning & Administration	\$2,159,064	\$3,438,565	\$4,085,607	\$4,803,421	\$5,542,015	\$20,028,672
Total Funds	\$26,770,777	\$41,830,945	\$51,437,422	\$62,054,990	\$71,513,938	\$253,608,072

Source: Proposal Zambia: Title: Scaling-up Antiretroviral Treatment for HIV/AIDS in Zambia, <http://www.theglobalfund.org/programmes/grantdetails> Round 4 Page 40

In the proposal there is no division between Government, NGO, Private Sector and Donors, however, as the funds are divided between NGO and Government organisations, one is able to make a comparison with Round One. In the last Round One approved proposal, funds were earmarked initially to support the Private Sector and Donors but, the final plan did not include funds for them.

Please see below for the flow of funds for the first two years of the Round Four proposal (in Round One the PRs received the full two years worth of funds) in US Dollars:

#	Name of Organisation	Amount of Funds Received
1	Central Board of Health/Ministry of Health	\$11,091,640
2	Ministry of Finance and National Planning	\$2,376,376
3	Zambia National AIDS Network	\$4,814,840
4	Churches Health Association of Zambia	\$8,487,920
Total		\$26,770,776

The division over the first two years was as follows:

CBoH/MoH: 41.4 percent
 MoFNP: 8.9 percent
 ZNAN: 18.0 percent
 CHAZ: 31.7 percent

For some reason the amount of funds for each of the PRs except the MoFNP for the Phase One which is a two year period are actually funds allocated for only the first year. This is consistent for three PRs they each only received a grant agreement for the funding amount in year one but an agreement for two years. They are receiving just 39 percent of the Phase One funding they should be eligible for.

Grant Agreement between the Global Fund and the PR:

- The program is further described in Annex A - Program Implementation Abstract.
- Attachment 1 to Annex A: Planned program budget and targets - detailed indicators and quarterly budget for year one - lump sum for year two.
- The Proposal is attached (not for public view) as Annex B but there is no guarantee of funding past Phase One.
- The Global Fund obligates funds only for the first two years - Phase One.
- If the GoZ waives taxes and duties and the systems are in place to have them waived then the PR is responsible for re-imbusement to the Global Fund.
- The World Bank is the Trust Agent for the Global Fund and funds will be made available to the PR from the 'Trust Fund' held at the World Bank.
- The PR will request funds at intervals acceptable to the Global Fund - approval based on achievement of program results and expected cash flow needs of the PR.
- PR shall have annual audits - PRs should ensure SRs have audits per plan.
- If disbursements to the PR are not used in accordance with the agreement - the Global Fund could request a refund and the PR will be obligated to refund that amount within 60 days.
- The PR shall actively keep the CCM continuously informed about the program - through agreed upon reports as reasonably requested by the CCM.
- The PR is responsible for the activities of the SRs and shall furnish the Global fund a copy of the agreements used between the PRs and SRs.
- If more then one PR the PR will coordinate with the other PRs to improve the program.
- The PR must cooperate with the appointed LFA to enable the LFA to fully carryout its functions as follows: submit all reports, disbursement requests and other communications to the Global Fund through the LFA, submit copies of all audit reports, permit the LFA to perform ad hoc site visits at times and places decided by the LFA, allow the LFA to review books and records related to the Program, cooperate with the LFA to identify additional training and capacity that the PR may need to implement the Program, cooperate with the LFA in other ways that the Global Fund may specify in writing.
- Implementation Letters will be issued from time to time to provide guidance and help the PR better implement the program.
- Reporting: Periodic Reports - as per form 'Disbursement Request and Program Update'. Annual Reports - 90 days after the end of the fiscal/program year.
- Within 90 days of the signing of the Grant Agreement a monitoring plan must be submitted to the Global Fund and approved by the Global Fund. The Global Fund will provide more guidance on this through Implementation Letters.
- Policies and practices used to contact goods and services under this agreement must be submitted and incorporate a list in the grant agreement.
- All procurement of medicines and diagnostic technologies must be pre-approved by the Global Fund and it is the PRs responsibility that SRs do not run out of supplies. Global Fund detailed additional rules and regulations regarding procurement.
- Standard Conflict of Interest clause in the contract.

Source: Adapted from: Programme Grant Agreement between the Global Fund to Fight AIDS, Tuberculosis and Malaria and the Central Board of Health of the Government of the Republic of Zambia. <http://www.theglobalfund.org/programmes/grantdetails> Round 4 Pages 1-20

Central Board of Health transitioned to the Ministry of Health:

The programme title for CBoH/MoH is the Scaling up of Antiretroviral Treatment for HIV/AIDS in Zambia. The programme starting date was July 1, 2005 and the completion date was June 30, 2007 and the proposal completion date is June 30, 2010. Therefore, the project as stated above is divided into two phases and Phase One is for two years and Phase Two is for three years.

An assessment was conducted by the Global Fund which was completed in March 2007 which focused on the first year (Phase One) of Round Four. The assessment or Grant Performance Report:

Background Analysis: The background analysis highlighted further areas that needed assessments including:

Financial Systems - Needs to be improved and instituted for managing financial disbursements to districts and health facilities. The office of Auditor General should be strengthened. Additional training for all finance SRs would improve quality and timeliness of monthly reports. Recordkeeping and filing systems need to improve as well as a separate account for each component is needed.

Institutional and Programmatic Capacity - Assessments to identify personnel capacity gaps in SRs. Also Reports from the districts are late, thus delaying management decision-making.

Procurement and Supply Management Systems - Unnecessary delays in procurement and management system needs to be investigated and assessed and corrective measures taken.

Monitoring & Evaluation - The EU will help develop an HMIS to ensure effective data collection, processing, reporting and management for all program components - a centralized health management system is required.

Overall – The PR needs to acquire certain additional capacities and is able to do so in a timely and cost effective manner. The PRs capacity gaps pose some minor risks and strengthening measures can be completed concurrently with implementation.

Source: Adapted from: Grant Performance Report. CBoH/MoH
<http://www.theglobalfund.org/programmes/grantdetails> Round 4 Page 6

As of March 2007 according to the Global Fund the CBoH/MoH PR is on track to expense funds as planned. CBoH/MoH had a grant agreement for US\$ 11,091,640 and

US\$ 10,698,939 was disbursed which is 96 percent. The first disbursement of approximately US\$ 5.4 million was transferred to the CBoH, however, the second disbursement of US\$ 1.1 million and third disbursement of US\$ 4.1 million were transferred directly to a supply agent for the procurement of health commodities. The main reason for this is the CBoH was dissolved by the parliament and a new MoH was formed. This delayed the start of many activities for over nine months.

In Round Four unlike in Round One the Global Fund only obligated the funding amount for year one in Phase One. It was believed the reason for this was the Global Fund's inability to obligate the full Phase One funding amount due to insufficient fund raising. The existing grant agreement for Phase One has not been amended to include a second year of funding or Phase Two, but, the CBoH/MoH has received a 'Conditional Go' from the Global Fund for Phase Two. Therefore, CBoH/MoH will receive an additional US\$ 106,170,638 for a total of US\$ 117,262,278 over the five year period

The evaluation by Global Fund of CBoH/MoH and the approval of the grant to move from Phase One to Phase Two listed conditions for the 'Conditional Go.' There were four conditions prior to signing the Phase Two agreement and two 'Time Bound Actions' that were required by the Global Fund for CBoH/MoH prior to Phase Two disbursements. They are the following:

Conditional:

1. Prior to the signing for the Phase Two extension, the PR shall submit a detailed Phase Two budget that demonstrates how the PR will absorb the incremental funds including: a) reconciliation and harmonization with partner coordinated initiatives as well as with the relevant national strategic framework; and b) greater clarity with regard to budget assumptions.
2. With the substantial funding stream being provided to the PR, it is essential that accurate usage of funds are reported in a timely and accurate manner - Prior to the second disbursement after the signature of the Phase Two extension, the PR shall provide evidence that it has appointed a finance manager to a) manage the funds being provided by the Global Fund; and b) monitor the financial expenditures of grant funds and reporting by the PR to the Global Fund.
3. Prior to the signature of the Phase Two extension, the PR shall: a) submit to the Global Fund an action plan from the M&E Systems Strengthening workshop; b) appoint a sufficient number of M&E officers to adequately monitor the progress of the program; and c) include in their work plan for Phase Two an appropriate number of training programs in M&E.
4. Prior to the disbursement of funds for the procurement of health products after the signing of the Phase Two extension, the PR shall provide to the Global Fund a revised Procurement & Supply Management plan which includes the plans for procurement activities for Phase Two, for approval by the Global Fund. Additionally, the PR shall provide evidence that it has extended its agreement with the procurement supply agent.

Source: Grant Scorecard: CBoH/MoH

<http://www.theglobalfund.org/programmes/grantdetails> Round 4 Page 3

Time Bound Actions:

1. Prior to the first disbursement after signing the Phase Two extension, the PR shall provide to the Global Fund a procedure for the reporting of monthly financial expenditures for the funds provided by the Global Fund.
2. Prior to the first disbursement after signing the Phase Two extension, the PR shall provide evidence that the concerns raised in the 2005 Audit Report have been resolved, to the satisfaction of the Global Fund.

The following was also highlighted as a concern but it wasn't listed as a condition or timebound requirement to move on to Phase Two.

1. The budget is not clear enough. Therefore, it should be re-submitted demonstrating how the PR will absorb the incremental funds including: a) reconciliation and harmonization with partner coordinated initiatives as well as with the relevant national strategic framework; and b) greater clarity with regard to budget assumptions.

Source: Grant Scorecard: CBoH/MoH

<http://www.theglobalfund.org/programmes/grantdetails> Round 4 Page 5

There is concern that the PR is not coordinating enough with other partners supporting the scale-up of HIV/AIDS activities in Zambia specifically PEPFAR. This comment is not completely clear as the MoH is receiving regular reports regarding other partners activities.

Phase One was approximately US\$ 11 million and in Phase Two the CBoH/MoH will receive US\$ 106,170,638 which is almost ten times more than CBoH/MoH received in the first two years and this scale up will have to occur within three years. The Global Fund believes CBoH/MoH will be able to scale up based on the following:

1. The PR will be able to implement programmes and absorb Phase Two funds as it is scaling up ART treatment in Zambia.³

It is also explained that the CCM will employ an Administrator and will establish M&E and Finance sub-committees to supervise and monitor the implementations of the Global Fund activities.

The PR received 'adequate' ratings for both SDAs including: Antiretroviral treatment and monitoring and Monitoring and Evaluation/Operations Research. The Global Fund believes the PR support of the National Programme has performed well especially in putting people on treatment and expanding ART sites. However, they believe for the latter SDA more supervisory visits are required to ensure quality of service provision.⁴

When reviewing achievements for Phase One, the CBoH/MoH seems to be meeting the majority of its indicators under each of the SDAs. For the first SDA Antiretroviral Treatment and Monitoring the CBoH/MoH has met five of the eight indicators. The three that haven't met targets are at 60 percent and the last two at 0 percent. The two at 0 percent are indicators that measure specimens for testing for ARV resistance and the number of imported ARVs tested - this is of concern to the Global Fund. The second SDA Monitoring and Evaluation/Operations Research has not met one target which is Number of health facilities and training institutes receiving supervisory visits. The PR reached 67 percent of the target.⁵

The above is significant as the reporting framework for the CBoH/MoH has undergone revision due to alignment with the strategic framework. The CBoH/MoH now reports on 'national targets for all activities' this means that the CBoH/MoH can also include the achievements of other implementing partners working with funding from other donors. This also caused some delays in implementation.⁶

In response to the above the CBoH/MoH did mention obstacles in reaching the planned targets:

1. Floods in 2006 displaced many people in the more rural parts of Zambia.
2. The transition from the CBoH to the MoH.

There are still some concerns with the capacity of the CBoH/MoH such as the following:

1. Overall the management of Phase One by the CBoH was inadequate. The main reason was the transition from CBoH to the MoH, however, since the transition the work is moving along well.
2. There have also been delays in the submission of progress reports which also included incorrect and unverifiable information.
3. There have been a number of challenges with financial management. Mainly because of the magnitude of the funding provided to the MoH from the Global Fund. Therefore, prior to Phase Two a finance manager needs to be hired to specifically manage the Global Fund grants to ensure accurate use of funds and the timely submission of accurate reports.
4. There is also concern over the lack of clear information on the program's current contribution to the National Program especially as the PEPFAR is also providing funds related to the scale-up of existing HIV/AIDS activities in Zambia.
5. The final concern is detailed assumptions presented in the budget, as well as, the PR's capacity to absorb all the funds in Phase Two given the ten fold scale up.

Source: Adapted from: Grant Scorecard: CBoH/MoH

<http://www.theglobalfund.org/programmes/grantdetails> Round 4 Page 14

The LFA manager also had some comments regarding the capacity of the CBoH/MoH. The new procurement unit of the CBoH/MoH has yet to be assessed; therefore, all procurement was outsourced to procurement agents during Phase One. The Procurement and Supply Management plan states the procurement unit of the CBoH/MoH will carryout this work, however, there is no description as to how this will be done or how prepared the new unit is to take on this major task. There is also no documentation as to the process of quantifying the health commodities. There is also no budget for the storage and distribution of health commodities. The LFA manager describes the above situation as a substantial risk to the Global Fund and does not support this plan.

The LFA manager also notes arithmetic and capturing errors in reporting, as well as, the SRs still continue to use different activity report forms and there is also high staff turnover so training needs to be done again for the SRs.

Ministry of Finance and National Planning:

The programme title for MoFNP is the Ministry of Finance and National Planning's Programme to Combat HIV/AIDS. The programme start date was July 1, 2005 and the programme ending date is June 30, 2007 and the proposal completion date is June 30, 2010, which is six months later then the other PRs for this grant. As with the other three PRs the project is divided into two phases and Phase One is for two years and Phase Two is for three years.

MoFNP received the full two years of funding for Phase One which is US\$ 2,376,376 unlike the other three PRs. It is believed that the MoFNP received the full amount as their funding amount is much less then the other PRs.

March 2007 the Global Fund carried out a Grant Performance Report. According to this report the Global Fund the MoFNP PR is not on track to expense funds as planned. The MoFNP had a grant agreement for US\$ 2,376,376 and US\$ 912,162 was disbursed which is 38 percent. There was only one disbursement made to the MoFNP in July of 2005. There was no explanation as to why no more disbursements were made, however, there were conditions made prior to the Global Fund approving the second disbursement for Phase One.

Therefore, prior to the Global Fund releasing the second disbursement, the PR shall provide to the Global Fund evidence that it has appointed individuals to fill the positions of Programme Coordinator, M&E expert and the Financial Officer. Also not later than 45 days after receipt by the MoFNP of any funds disbursed by the Global Fund to the MoFNP, it shall provide to the Global Fund: i) evidence that the PR has disbursed such funds to all of its SRs, provided that such SRs have achieved on a timely basis the performance targets agreed between each of the SRs and the MoFNP; ii) evidence that the MoFNP has disbursed funds to certain of its SRs, and, for each SRs to which it has not disbursed funds, a reasonable justification for not doing so such reasonableness to be determined by the Global Fund in its sole discretion.⁷

An assessment was conducted by the Global Fund which was completed in January 2007 which focused on the first year of Round Four. The assessment or Grant Performance Report is highlighted below:

Background Analysis: The background analysis highlighted further areas that needed assessments including:

Financial Systems - Strengths: The PR has an established finance and accounting structure to ensure the completeness and accuracy of the records of transactions, and assets. - The PR assesses the implementation capacities of the SRs, by conducting quarterly performance monitoring field visits, and receiving quarterly reports from them. - The PR can disburse funds to sub-recipients and suppliers in a timely, transparent and accountable manner - The PR can support the preparation of regular reliable financial statements. Weaknesses: Financial disbursements made to districts and other health facilities are recorded as a block in the financial system and not split between diseases at the time of disbursement. The split between diseases is done on receipt of accountability from the districts. Consequently, information on disbursement per disease cannot be obtained from the financial system as needed. (Round Four funding only has funds for HIV/AIDS there is no funding for Malaria or TB unlike Round One) A second weakness is that ministry contact persons should receive financial training.

Institutional and Programmatic Capacity - Recruiting and training of the project team ensuring that the team holds monthly progress update meetings with the Director of Budget and Economics at MoFNP, to highlight key achievements, challenges and failures in the programme. In addition minutes and reports should be submitted to Global Fund each month.

Procurement and Supply Management Systems - NA. There is no procurement being done by the MoFNP.

Monitoring & Evaluation - MoFNP should recruit a Programme Coordinator.

Overall – NA⁸

Unlike the other three PRs the MoFNP has not received a ‘Conditional Go’ to move forward to Phase Two. The Grant Performance Report looked at four objectives that the MoFNP reported on. The First SDA Objective 1 - Develop National Human Resource Capacity to Deliver Antiretroviral Therapy the MoFNP reached over 50 percent of one indicator 19 percent of the second and didn’t report on any additional indicators. The second Objective - Strengthen the role of Community in the Provision of ART Services had four indicators. The MoFNP reached 71 percent of the first, 301 percent of the second, 68 percent of the third, 200 percent of the fourth and zero of the fourth. The third Objective - Ensure the Availability of Drugs and other Medical Supplies had two indicators and the MoFNP reached zero percentage of the targets for both indicators. The fourth Objective - Strengthening Procurement Storage and Distribution of Drugs and

Commodities and Other Medical Supplies for ART had one indicator and the MoFNP reached 66 percent of the target.

Zambia National AIDS Network:

The programme title for ZNAN is the Scaling up of Antiretroviral Treatment for HIV/AIDS in Zambia. The programme starting date was July 1, 2005 and the completion date was June 30, 2007 and the proposal completion date is June 30, 2010. Therefore, the project as stated above is divided into two phases and Phase One is for two years and Phase Two is for three years.

An assessment was conducted by the Global Fund which was completed in March 2007 which focused on the first year of Round Four. The assessment or Grant Performance Report stated:

Background Analysis: The background analysis highlighted further areas that needed assessments including:

Financial Systems - The PR should enhance financial management systems at SR level to further enhance adequate, timely and accurate financial reporting. Foreign exchange training for its financial management team regarding exchange gain and loss computations.

Institutional and Programmatic Capacity - Enhance capacity of community-based-organisations involved as SRs to ensure accountability and timely reporting on the use of funds. Assessment by the Global Fund found the PR had no trained medical staff to provide technical support and evaluation expertise to the SRs. The PR will recruit a medical expert with Phase Two funds. The PR will sub-contract a private hospital to implement the treatment component of the HIV/AIDS programme.

Procurement and Supply Management Systems - All funds for procurement are disbursed according to the grant agreement and ToR. Any savings made on procurement of ARVs should be re-budgeted and submitted to the Global Fund for approval. Interesting as all procurement for ZNAN should be carried out by CHAZ.

Monitoring & Evaluation - The capacity of the PR should be enhanced to ensure data captured is accurate. The PR needs to hire additional M&E personnel at the PR level and refresher training should be provided to the SR's M&E Officers. Improvement needs to be made on reporting, including the increase in use of Activity Reporting forms and the consolidating of achievements made by the SRs.

Overall - The PR needs to acquire certain additional capacities and is able to do so in a timely and cost effective manner. The PRs capacity gaps pose some minor risks and strengthening measures can be completed concurrently with implementation.⁹

As of March 2007 according to the Global Fund the ZNAN PR is on track to expense funds as planned. ZNAN has just finished the evaluation process conducted by the Global Fund and has been approved for the Phase Two funding. In Round Four unlike in Round One the Global Fund only obligated the funding amount for one year for both years in Phase One. The existing grant agreement has not been amended to include Phase Two, but, ZNAN has received a 'Conditional Go' from the Global Fund for Phase Two. Therefore, ZNAN will receive an additional US\$ 31,747,194 for a total of US\$ 36,561,034 over the five year period

It was also highlighted that ZNAN was not allowed to spend funds disbursed for a period of time as detailed work plans nor budgets had been submitted. This is significant as ZNAN was required to do this for Round One and these items are fairly standard and an organisation managing this large amount funds should be able to prepare these documents in a timely manner.

The evaluation of ZNAN and the approval of the grant to move from Phase One to Phase Two listed conditions for the 'Conditional Go.' There was one condition prior to signing the Phase Two agreement and three 'Time Bound Actions' that were required by the Global Fund for ZNAN prior to Phase Two disbursements. They are the following:

Conditional:

1. Prior to the signing of the Phase Two extension, the PR shall provide to the Global Fund a more detailed Phase Two budget (including more precise information on unit costs) demonstrating how it will absorb the funds allocated and scale-up to reach 4,000 people on treatment by the end of Phase Two.

Time Bound Actions:

1. Prior to the first disbursement after the signing of the Phase Two extension, the PR shall present a plan detailing how the PR will implement all the activities planned for Phase One and not implemented to date.
2. Prior to the first Phase Two disbursement, M&E capacity gaps identified in the M&E Systems Strengthening Workshop shall be addressed. A work plan needs to be completed utilizing the findings of the workshop.
3. There have been problems in retaining trained staff, therefore, prior to Phase Two grant signing; an indicator measuring staff retention shall be included in the reporting for Phase Two.

Source: Grant Scorecard: ZNAN <http://www.theglobalfund.org/programmes/grantdetails>
Round 4 Page 3

Phase One was US\$ 4,814,840 and in Phase Two (excluding procurement which will be done by CHAZ) ZNAN will receive US\$ 26,932,356 which is five times more than ZNAN received in the first two years and this scale up will have to occur within three years. The Global Fund believes ZNAN will be able to scale up based on the following:

1. The budget for procurement of health products and nutritional supplements is approximately eight million. This is possible to achieve because procurement of health products will be done by CHAZ who have streamlined the procurement process using a procurement agent (Crown Agents).
2. The PR is going to restructure its organization to incorporate a director of operations which will greatly assist in the efficient running of the organization, recipients and also improved financial monitoring.
3. Grants, M&E, and internal audit have been strengthened through the recruitment of more staff which will help in the quick and efficient selection of sub-recipients and also improved financial monitoring.
4. The PR plan to scale up the sites implementing the ART program from eight to ten.
5. During Round One and Round Four Phase One Sub-Recipients build capacity and gained experience in program implementation. This will help in the scaling up.
6. Capacity building of sub-recipient through more rigorous training, improvement in infrastructure and strengthening M&E system through the supply of motor vehicles, motor bikes, bicycles and financial assistance will continue.
7. The recently developed M&E data base will assist the PR in its collection and efficient use of data to enhance its program implementation.

Source: Grant Scorecard: ZNAN <http://www.theglobalfund.org/programmes/grantdetails>
Round 4 Page 5

The above should support scale up, however, to achieve targets the number and capacity of SRs needs to increase. Based on the experience and accomplishments of Round One ZNAN should be able to successfully scale up and efficiently disburse the additional funds. The Global Fund would like a comprehensive plan on how this will be done, however, this is not a requirement.

In five SDAs ZNAN was given four 'Adequate' ratings. In one area there were more sites than anticipated providing ART care services, in the second area some activities were performing well, however, there was poor performance in one of these areas (behavioural change communication - community outreach). In the other two 'adequate' areas one was mixed (antiretroviral treatment and monitoring) and the other area did not achieve targets as anticipated (ensure the evaluation of drugs, nutrition supplements and other medical supplies). The last area received an 'Unacceptable' rating for not training medics and pharmacists (health systems strengthening).¹⁰

After four years of implementing the Global Fund Round One, two years into Round Four and on the verge of signing Round Seven (Malaria) the CCM has agreed to hire an administrator and to form M&E and Finance sub-committees. The two new sub-committees and the new administrator will monitor the implementation of activities funded by the Global Fund. Reports will be submitted to the CCM administrator prior to being sent to the LFA. The administrator will assure that the progress of the PRs will be presented to the CCM and the LFA also believes this is a further commitment on the

CCMs part that the work the Global Fund will be implemented effectively and efficiently.¹¹

When reviewing achievements for Phase One, ZNAN has a very mixed record. ZNAN has achieved three of the eleven indicators, three more where over 50 percent of the target and the remaining five were well below 50 percent. There is some concern regarding the capacity of the PR in its ability to scale up in many areas specifically from supporting 579 people on ARV treatment to supporting 4,000 by the end of the three year period. ZNAN could face some serious challenges as the SRs are still not submitting accurate reports in a timely manner. This was a criticism in the Round One evaluation of ZNAN in 2005 and it is still a concern in 2008 at a point where the programme is growing by over five times.

Churches Health Association of Zambia:

The programme title for CHAZ is the Scaling up of Antiretroviral Treatment for HIV/AIDS in Zambia. The programme starting date was July 1, 2005 and the completion date was June 30, 2007 and the proposal completion date is June 30, 2010. Therefore, the project as stated above is divided into two phases and phase one is for two years and Phase Two is for three years.

An assessment was conducted by the Global Fund which was completed in March 2007 which focused on the first year of Round Four. The assessment or Grant Performance Report:

Background Analysis: The background analysis highlighted further areas that needed assessments including:

Financial Systems - the PR should provide refresher training to staff in the financial functions for the SRs. Also savings and unspent amounts need to be re-budgeted in Year Two.

Institutional and Programmatic Capacity - Evaluate the progress and continue to take measures to fill capacity gaps. This involves recruitment and training of staff at SR level. There is a need to coordinated efforts to improve data quality and reporting on institutional lines of reporting. A systematic programme for field visits to SRs should be developed.

Procurement and Supply Management Systems - At this point a procurement plan has been submitted to the LFA (utilization of a procurement agent).

Monitoring & Evaluation - The PR needs to recruit additional M&E officers of sub-recipients. There is a need to merge Round One and Round Four as this component has shared indicators dealing with survey, trainings and ART health products procurement and distribution.

Overall – The PR needs to acquire certain additional capacities and is able to do so in a timely and cost effective manner. The PRs capacity gaps pose some minor risks and strengthening measures can be completed concurrently with implementation.¹²

As of August 2007 according to the Global Fund the CHAZ PR is on track to expense funds as planned. CHAZ has just finished the evaluation process conducted by the Global Fund and have been approved for Round Four Phase Two funding. In Round Four unlike in Round One the Global Fund only obligated the funding amount for one year for both years in Phase One. It was believed the reason for this was the Global Fund's inability to obligate the full Phase One funding amount. The existing grant agreement has not been amended to include Phase Two, but, CHAZ has received a 'Conditional Go' from the Global Fund for Phase Two. Therefore, CHAZ will receive an additional US\$ 67,212,129 for a total of US\$ 75,700,049 over the five year period

The evaluation by Global Fund of CHAZ and the approval of the grant to move from Phase One to Phase Two listed conditions for the 'Conditional Go.' There was one condition prior to signing the Phase Two agreement and three 'Time Bound Actions' that were required by the Global Fund for CHAZ prior to Phase Two disbursements. They are the following:

Conditional:

1. Prior to the signing of the Phase Two extension, the PR shall provide to the Global Fund a more detailed Phase Two budget including more precise information on unit costs and demonstrate how it will absorb all the funds allocated and be able to scale-up to reach 17,000 people on treatment as well as significant training activities.

Time Bound Actions:

1. Prior to the first Phase Two disbursement, M&E capacity gaps identified in the M&E Systems Strengthening Workshop shall be addressed.
2. Prior to disbursement of funds for health products in Phase Two, the PR shall provide to the Global Fund an updated Procurement and Supply Management Plan. This Plan should include details of how the PR will provide better forecasting and adequate storage facilities for drugs in Phase Two.
3. Prior to first disbursement after the signature of the Phase Two extension, the PR shall provide evidence that it has appointed a Finance Manager.

Source: Grant Scorecard CHAZ <http://www.theglobalfund.org/programmes/grantdetails>
Round 4 Page 3

Phase One was approximately US\$ 8,500,000 and in Phase Two CHAZ will receive US\$ 67,212,129 which is seven times more than CHAZ received in the first two years and this scale up will have to occur within three years. The Global Fund believes CHAZ will be able to scale up based on the following:

1. The budget for procurement of health products and nutritional supplements is approximately nine million in year three. This is possible to achieve because procurement of health products will be done by using a procurement agent (Crown Agents) and there will be no difficulties in spending under this budget line because of the nature of the expenditure. CHAZ has streamlined the procurement process and gained experience in dealing with Crown Agents.
2. The budget for the infrastructure for CHAZ and sub-recipients is US\$ 4 million and there will be no difficulties in spending under this budget line because of the nature of the expenditure.
3. The budget for human resources is US\$ 5.6 million and this is very easy to spend as the payments are regular monthly payments.
4. The balance of the funds relate to Training and other program activities and administrative costs. Considering the program implementation experience and infrastructure built both at CHAZ and SRs over the last four years CHAZ is in a position to increase capacity significantly to achieve the set targets.

Source: Grant Scorecard CHAZ <http://www.theglobalfund.org/programmes/grantdetails>
Round 4 Page 5

There were other areas that needed improvement per the Global Fund and the LFA which included:

1. The budget is not clear. The PR needs to provide more detail for Phase Two including more detail on cost per unit and more specifically how the PR will absorb all the obligated funds and their ability to reach 17,000 on treatment as well as achieving significant training activities.
2. The LFA has noted errors, omissions and discrepancies that should be addressed in the Phase Two budget.
3. The budget should also be in line with the original proposal which at this time it is not.
4. The CCM will be hiring an administrator and forming two sub-committees (M&E and finance) to help monitor the implementation of the Global Fund supported activities.

Source: Grant Scorecard CHAZ <http://www.theglobalfund.org/programmes/grantdetails>
Round 4 Page 5

The above should support scale up, however, to achieve targets the number and capacity of SRs needs to increase. Based on the experience and accomplishments of Round One ZNAN should be able to successfully scale up and efficiently disburse the additional funds. The Global Fund would like a comprehensive plan on how this will be done, however, this is not a requirement.

In five SDAs CHAZ was given three 'Adequate' ratings. In two of these performance indicators CHAZ did not meet the target, however, this was blamed on late approval of key documentation which delayed the disbursement and this negatively impacted the activity. The third 'Adequate' the ScoreCard evaluate the performance by stating 'As

with service deliver of ART, OI treatment was not adequately achieved,' however, the service delivery areas receives a rating of 'adequate.' The fourth service delivery area received an 'Unacceptable' rating because the activity (Procurement and Supply Management Capacity and Building) was not done. The fifth service delivery area was rated with 'Inadequate but potential demonstrated' even though the activity was not carried out (Operational Research).

When reviewing achievements for Phase One, CHAZ has a very mixed record. CHAZ has achieved seven of the sixteen indicators, of those that weren't reached five were over 50 percent of the target and the remaining four were well below 50 percent. The Global Fund believes there are still gaps at the PR level to effectively carry out monitoring and evaluation. The SRs are still submitting activity reports late and there are inconsistencies in the reports. All of these issues were highlighted in the Round One evaluation as well.

There are still major issues with CHAZ's ability to provide procurement and supply management support for its and ZNAN's projects. In Round Four CHAZ has outsourced procurement and supply management to Crown Agents. This overall seems like the right decision; however, the Global Fund has some concerns with the plan for Phase Two:

1. *Forecasting of Requirements / Values / Quantities of Health Commodities to be procured:* In the draft Procurement, Supply, Management plans for HIV provide factual assumptions and calculations on how requirements for ARVs, OIs and other health commodities have been arriving appear to be missing. In addition an overall consolidated picture of what quantity / value of health commodities will be supplied under the remaining years of Round One - Phase Two, Round Four - Phase One and Round Four - Phase Two appear to be missing as well. The PR needs to prepare one revised Procurement, Supply, Management plan for HIV in which it justifies / explains the overall requirements of the Health commodities it intends to procure under Phase Two Round Four. It also needs to explain and document how these quantities for all three years of Phase Two of Round Four will complement quantities under the remaining years of Round One and year two of Round Four.¹³
2. *Storage:* The rapid scale-up of the HIV/AIDS programme has not matched the storage space currently available at CHAZ. The CHAZ procurement plan does not provide full details of how storage needs will be met. An assessment of the cost and space of available in warehouses has been done and CHAZ has included US\$1.5 million for the procurement of a warehouse in the HIV Round Four Phase Two work plans. This will give CHAZ the necessary space required for the drugs commodities and equipment. To avoid parallel structures, CHAZ and the Logistic Management Unit/Medical Stores Limited plan to set up similar information systems and share information on details of ARV orders, details of ARVs in the pipeline, details of ARV consumption, suppliers and purchase price of ARVs and other commodities.¹⁴

The LFA also had some comments regarding reporting. The SRs quarterly reports have arithmetic and capturing errors; however the LFA has noticed improvement since the

project started. The SRs are still using different activity report forms and the PR needs to organise retraining as there is high turnover of staff at the SRs so ongoing training is required. The LFA also has seen significant improvement in implementation, in the fifth quarter the PR was not allowed to spend funds as it had not finalized the submission of its work plans or budgets. The indicator of persons with advanced HIV infection on ART has not been performing well, but the lack of funds could have affected it. Overall the LFA believes the PR is performing very well, hence, approval of Phase Two.¹⁵

This chapter has analyzed the Round Four HIV/AIDS sector proposal for Zambia. It first looked at the make up of the CCM which is the body that signs off on the proposal and selects the PRs. The grant agreement between the Global Fund and the PR and the Programme Implementation Abstract has been scrutinized listing the conditions of the grant. There are differences from Round One and they will be highlighted in the conclusions chapter. Finally, the four PRs are analyzed utilizing documents which included the Grant Performance Report, the Grant Scorecard and the Cash Request Summaries. Each PR now has a short summary documenting the challenges, successes and accomplishments and the recommendations made by various evaluations conducted on each PR. This section will be compared with the Round One and the two analyzed to form conclusions which will be stated in the final chapter.

¹ Program Grant Agreement between the Global Fund to Fight AIDS, Tuberculosis and Malaria and the Zambia National AIDS Network. Grant Number: ZAM-405-G11-H. Grant Amount \$4,814,840US Round 4 – Year 1 Available: <http://www.theglobalfund.org/programs/grantdetails> Page 22

² Program Grant Agreement between the Global Fund to Fight AIDS, Tuberculosis and Malaria and the Central Board of Health of the Government of the Republic of Zambia. Grant Number: ZAM-405-G09-H. Grant Amount: \$11,091,640US Round 4 – Year 1 Available: <http://www.theglobalfund.org/programs/grantdetails> Pages 1-26

³ Grant Scorecard: ZAM-405-G09-H. Principal Recipient: The Central Board of Health of the Government of Zambia. Grant Number: ZAM-405-G09-H Round 4 – Phase 1 Available: <http://www.theglobalfund.org/programs/grantdetails> Page 5

⁴ Grant Scorecard: ZAM-405-G09-H. Principal Recipient: The Central Board of Health of the Government of Zambia. Grant Number: ZAM-405-G09-H Round 4 – Phase 1 Available: <http://www.theglobalfund.org/programs/grantdetails> Page 9

⁵ Grant Scorecard: ZAM-405-G09-H. Principal Recipient: The Central Board of Health of the Government of Zambia. Grant Number: ZAM-405-G09-H Round 4 – Phase 1 Available: <http://www.theglobalfund.org/programs/grantdetails> Page 10

⁶ Grant Scorecard: ZAM-405-G09-H. Principal Recipient: The Central Board of Health of the Government of Zambia. Grant Number: ZAM-405-G09-H Round 4 – Phase 1 Available: <http://www.theglobalfund.org/programs/grantdetails> Page 2

⁷ Grant Performance Report: ZAM-405-G12-H. Grant Title: Scaling up of Antiretroviral Treatment for HIV/AIDS in Zambia. Principal Recipient: The Ministry of Finance and National Planning of the Government of Zambia - Program Start Date: 01-July-05 Available: <http://www.theglobalfund.org/programs/grantdetails> Page 11

⁸ Grant Performance Report: ZAM-405-G12-H. Grant Title: Scaling up of Antiretroviral Treatment for HIV/AIDS in Zambia. Principal Recipient: The Ministry of Finance and National Planning of the Government of Zambia - Program Start Date: 01-July-05 Available: <http://www.theglobalfund.org/programs/grantdetails> Page 10

⁹ Grant Performance Report: ZAM-405-G11-H. Grant Title: Scaling up of Antiretroviral Treatment for HIV/AIDS in Zambia. Principal Recipient: Zambia National AIDS Network – Program Start Date: 01-July-05. Round 4. Available: <http://www.theglobalfund.org/programs/grantdetails> Page 7

¹⁰ Grant Scorecard: ZAM-405-G11-H. Principal Recipient: Zambia National AIDS Network. Grant Number: ZAM-405-G11-H Round 4 - Phase 1 Available: <http://www.theglobalfund.org/programs/grantdetails> Page 10

¹¹ Grant Scorecard: ZAM-405-G11-H. Principal Recipient: Zambia National AIDS Network. Grant Number: ZAM-405-G11-H Round 4 - Phase 1 Available: <http://www.theglobalfund.org/programs/grantdetails> Page 6

¹² Grant Performance Report: ZAM-405-G10-H. Grant Title: CHAZ: Scaling up of Antiretroviral Treatment for HIV/AIDS in Zambia. Principal Recipient: The Churches Health Association of Zambia – Program Start Date: 01-July-05 Available: <http://www.theglobalfund.org/programs/grantdetails> Page 7

¹³ Grant Scorecard: ZAM-405-G10-H. Principal Recipient: The Churches Health Association of Zambia. Grant Number: ZAM-405-G10-H Round 4 – Phase 1 Available: <http://www.theglobalfund.org/programs/grantdetails> Page 17

¹⁴ Grant Scorecard: ZAM-405-G10-H. Principal Recipient: The Churches Health Association of Zambia. Grant Number: ZAM-405-G10-H Round 4 – Phase 1 Available: <http://www.theglobalfund.org/programs/grantdetails> Page 17

¹⁵ Grant Scorecard: ZAM-405-G10-H. Principal Recipient: The Churches Health Association of Zambia. Grant Number: ZAM-405-G10-H Round 4 – Phase 1 Available: <http://www.theglobalfund.org/programs/grantdetails> Page 17

Chapter 4: Evaluation of Funding Mechanisms

This chapter will evaluate the funding mechanisms in a number of ways. First a background summary will be provided highlighting what has been done thus far. Secondly, the formation of the CCMs will be analyzed, their make up (public verses NGO), the changes between the Round One and Round Four, as well as, the significance of the changes made. Thirdly, the proposal abstracts and priorities will be compared from Round One to Round Four. This is significant as the Global Fund is becoming more flexible with its rules and is trying to become less burdensome for the recipient country. The fourth and fifth sections look at the funding amounts and percentage of funding for each PR in Round One and Round Two. This is significant as the PRs have had different levels of success in expensing funds. The final section compares each PR and its success from Round One and Round Four. This is significant as the PRs were able to apply lessons learned and respond to the requests of the evaluations.

1. Background Summary

This paper is analyzing the four different funding mechanisms in Zambia for the Global Fund – two government, one NGO and one FBO. It will try to explain the variation in performances by looking at their challenges and experiences. This analysis will utilize two Rounds of Global Fund approved proposal packages. In development assistance disbursement rates can be a crude indication of results. However, the rate at which a funding agency transfers money to its recipients in itself says very little about the quality of the recipients programmes. In the case of Global Fund, disbursement rates are based on proven results measured against quarterly and annual targets attached to the grant agreement. If this grant agreement process (performance based financing) is followed, disbursements are a better indication to track the results of Global Fund programmes than others based on spending. If regular disbursements parallel programme results, low disbursements ensure that money is not wasted on programmes which do not yield results.¹ However, if the performance based financing concept is not followed (disbursements are made when results have not been met) then the progress of disbursements does not reflect progress in the programme. From the review of the eight grant agreements and the disbursements made, the Global Fund was very liberal in approving disbursements as not all targets were met, however, disbursements were made.

2. CCM

The formation of the CCM in many countries can be a duplication of effort or an additional coordinating body, countries should be encouraged to align CCMs with existing national structures, where possible.² In the case of Zambia a new body was created to prepare the Global Fund proposals. The majority of the CCM in Zambia is made up of Government staff. The NAC in Zambia was not in a position to take on the responsibilities of the CCM and the NAC is focused on HIV unlike the Round One proposal which also had TB and Malaria components.

The sector mix and percentage of CCM members in Zambia basically stayed the same between the two Rounds; however, 25 percent of the members were replaced. There is no documentation as to why the members were replaced. The private sector had two members in Round One (Barclays Bank and the Zambian Private Media Association), in Round Four only Barclays Bank remained a member. The number of UN and Bi-lateral organisations increased membership by one adding the Royal Netherlands Embassy and the WHO but replaced USAID and kept UNAIDS and World Bank. This is significant as USAID would represent the USG which funds and coordinates PEPFAR which is the largest provider of funds for HIV/AIDS support in Zambia.

The CCM members seemed to have utilized lessons learned from Round One and applied them to Round Four. In Round One the CCM planned to authorize funds from the Project Management Unit at the MoFNP to six organisations that were referred to as 'Fund Holders'. The Fund Holders would then transfer funds to implementing partners such as NGOs, CBOs, FBOs, districts and ministries. This was not per Global Fund Guidelines so at some point the four PRs were selected or created to act as Fund Holders or PRs. The Round One proposals allocated 6.5 percent of funds to the private sector and donors, however, in Round Four there was no allocation made other than to the four PRs. The CCM realized they would be able to monitor the work of the PRs; however, the PRs would be evaluated and would report to the LFAs and the PRs have a legal relationship with the Global Fund Geneva Office not the CCMs. The CCM did request in Round Four through two sub-committees (M&E and Finance) to have reports sent to them for review prior to submission to the LFA and on to the Global Fund Office in Geneva.

The working relationships between the CCMs and PRs as stated above became more complex as implementation got underway. The legal relationship was between the PR and the Global Fund Geneva Office though the LFA and increasingly the LFAs and the PRs relationship became increasingly positive and valued by the PRs.³ The LFA in Zambia faced the unique difficulty of managing four separate grant agreements with four PRs, limiting the LFA's ability to administer funds quickly and effectively.⁴

3. Compare Proposal Abstracts and Priorities:

The 'Rounds' system is geared to supporting individual projects and activities rather than strategic programmes, this is undermining coordinated approaches in developing countries such as SWAps, and is a major source of disharmony for national planning, implementation, monitoring and reporting systems.⁵ Developing countries would much prefer donors to support the National Programmes rather than individual projects and activities.

The Round One proposal abstract was more detailed than the Round Four proposal abstract. In Round One the main objective was to reduce new infections and to mitigate the impact of the disease. There were seven specific outcomes for the five year project and ten priorities that it would focus on. These specific outcomes included reducing the prevalence of HIV among young people, increasing the use of condoms, increasing abstinence among youths, reducing MTCT, increasing STI treatment, etc. The priorities

were also very specific which included STI management, behaviour change communication campaigns, condom distribution, projects targeted at high risk populations, community-based care, gender-specific interventions and the treatment of opportunistic infections.

In contrast Round Four was much more general with the main objective to reduce HIV related morbidity and mortality and, ultimately, the socio-economic impact of HIV/AIDS, and thereby contribute to the achievement of the United Nations Millennium Development Goals. Instead of specific outcomes the proposal will support seven general service areas including; the provision of quality, affordable ARVs to people living with advanced HIV/AIDS, the development of the national human resource capacity to deliver ART, strengthen the role of the community in the provision of ART, enhance infrastructure and equipment capacity, strengthen the procurement and storage of AIDS drugs and medical supplies and improve the monitoring and evaluation of the ART Programme in Zambia. The priority areas included five of the seven service areas listed above.

The Round One goal was to decrease new infections and to mitigate the impact of HIV/AIDS in Round Four the goal was to reduce morbidity/mortality and reduce the socio-economic impact and contribute to the achievement of the United Nations Millennium Development Goals, the latter is much more in keeping with a National Plan. The Round One proposal abstract was much more a project/activity specific proposal where Round Four definitely stood out as a proposal that supported the Zambia National Plan. In Round Four there were service areas to support not specific outcomes, the priorities were very specific in Round One and in Round Four the priorities were much broader.

4. Funding Amounts by Year and Round:

Round One HIV/AIDS Proposal: US\$ 92,846,000

Year 1-2004	Year 2-2005	Year 3-2006	Year 4-2007	Year 5-2008	Total
\$19,858,000	\$22,440,000	\$22,440,000	\$14,655,000	\$13,454,000	\$92,846,000

Round Four HIV/AIDS Proposal: US\$253,608,072

Year 1-2006	Year 2-2007	Year 3-2008	Year 4-2009	Year 5-2010	Total
\$26,770,777	\$41,830,945	\$51,437,422	\$62,054,990	\$71,513,938	\$253,608,072

Increase in Funding by Organisation: Round One compared to Round Four:

CBoH/MoH: 2.85 – Almost three times as much funding as Round One.
 MoFNP: 2.24 – Almost two and a half times as much funding as Round One.
 ZNAN: 1.57 – About one and a half funding as Round One.
 CHAZ: 3.31 – Almost three and a half times as much funding as Round One.

5. Amounts to PRs and Percentages

Funds Allocated by Organisation Round One in US Dollars:

#	Name of Organisation	Amount of Funds Received
1	Central Board of Health	\$40,885,928
2	Ministry of Finance and National Planning	\$8,915,980
3	Zambia National AIDS Network	\$20,204,481
4	Churches Health Association of Zambia	\$22,840,611
Total		\$92,847,000

Percentage of Funds Allocated Round One:

CBoH/MoH: 44 percent of Round One funding.

MoFNP: 9 percent of Round One funding.

ZNAN: 22 percent of Round One funding.

CHAZ: 25 percent of Round One funding.

Funds Allocated by Organisation Round Four in US Dollars:

#	Name of Organisation	Amount of Funds Received
1	Central Board of Health/Ministry of Health	\$117,262,278
2	Ministry of Finance and National Planning	\$28,898,549
3	Zambia National AIDS Network	\$31,747,196
4	Churches Health Association of Zambia	\$75,700,049
Total		\$253,608,072

Percentage of Funds Allocated Round One:

CBoH/MoH: 46% of Round Four funding.

MoFNP: 11% of Round Four funding.

ZNAN: 12.5% of Round Four funding.

CHAZ: 30.5% of Round Four funding.

Variance between Round One and Round Four:

CBoH/MoH: 2 percent increase in funding from Round One to Round Four.

MoFNP: 2 percent increase in funding from Round One to Round Four.

ZNAN: 9.5 percent decrease in funding from Round One to Round Four.

CHAZ: 5.5 percent increase in funding from Round One to Round Four.

6. PR Comparisons

This section will analyze the capacity of the four PRs by looking at both the Round One and Round Two proposal packages. Round One will be analyzed in terms of the Global Fund/LFA Assessment, Major Conditions, Progress, Global Fund Recommendations, Funds Disbursed/Expensed and Remedial Action necessary for Phase Two approval. Round Four will be analyzed in terms of a Background Analysis conducted by the Global Fund, Obligated Funds for Phase One, Phase Two Conditions and Time Bound Actions, Funds Disbursed/Expensed, SDAs achieved and Capacity Concerns. As these are different Rounds the information collected and highlighted by the Global Fund for evaluation are also different. Therefore, the researcher has tried to make the topics as consistent as possible for more effective analysis.

Central Board of Health/Ministry of Health

Round One: Prior to signing the first grant agreement there were areas of concern and two Major Conditions that had to be met. The two Major Conditions both related to procurement first, the completion of a procurement assessment and second, the development of a monitoring plan to track procurement progress. This was completed prior to signing the first grant agreement. Progress was made during Phase One on the majority of indicators including IEC outreach, Condom Distribution, Palliative Care and ARV Treatment and Therapy. Global Fund Recommendations for Phase Two included the hiring of a person to set up a system for regular ARV quantifications and a person to develop budgets and work plans which both contributed to delayed implementation. The amount of Funds Disbursed/Expensed conflict between the Grant Performance Report dated May 2006 which states 30 percent disbursed and in the Grant Score Card (no date but from reviewing the data it looks like December 2004) it states 70 percent. Regardless of the amount, the balance of funds will be spent on ARVs, HIV test kits, home based care kits and other supplies. The Remedial Action necessary for Phase Two Approval included a detail plan which would result in solutions to improve the procurement of supplies for this project. The Global Fund Assessment conducted towards the end of Phase One has given the PR a 'Conditional Go' to proceed with Phase Two. The CBoH/MoH will receive an additional US\$ 19,671,657 which is about equal to the funding level it had in Phase One.

Round Four: The Background Analysis conducted by the Global Fund indicated that the Office of the Auditor General should be strengthened and additional training is needed for the SRs, an assessment needs to be done to identify personnel capacity gaps in SRs, that procurement is still a problem, a central HMIS is needed and PRs capacity gaps pose some risks and these gaps need to be addressed. The Obligated Funds for Phase One in Round Four only included funds for the first year unlike in Round One where the PR had the first two years of funds obligated. Prior to Phase Two implementation the following Conditions must be met by the PR's submission of a detailed Phase Two budget to demonstrate how it will absorb the incremental funds, provide proof a Finance Manager has been appointed to improve fund management and reporting, an M&E System Strengthening Workshop and a work plan to implement the results and finally the development of a Procurement and Supply Management Plan. The Time Bound Actions which need to be fulfilled prior to the first disbursement of Phase Two include submitting

the procedure for monthly financial expenditures and evidence that the concerns raised in the 2005 Audit Report have been corrected. The PR is on track with Funds Disbursed and Expensed in Phase One; however, 50% of the US\$ 10,698,939 was transferred directly to a supply agent for health commodities. The PR will receive over ten times this amount (US\$ 106,170,638) and these funds have to be expensed in three years. The PR is meeting the majority of SDAs; however, they are now reporting on national achievements not just what the PR achieved. The LFA describes the Capacity Gaps of the CBoH/MoH as a substantial risk.

Ministry of Finance and National Planning

Round One: This PR started six months after the other PRs and has not completed Phase One. There were Conditions tied to the grant agreement for Phase One and it seems they have not been met. They include a procurement plan, assessment of the PRs procurement and supply capacity, an M&E Plan, the placement of a Finance Manager, an Operational Plan and other reporting requirements. There has been little Progress on the indicators for Phase One. It seems this PR has only received one transfer of funds US\$ 1,166,000, a second request was made to the Global Fund in September 2006 but was not approved. The Global Fund is in the process of evaluating the implementation thus far. The total amount for Phase One is US\$ 6,395,758 and the PR has received US\$ 1,166,000 and the Phase Two amount is US\$ 2,520,222 which they will not receive until they have completed Phase One satisfactory.

Round Four: This PR is starting six months after the other PRs and received the full amount for the Phase One which included funding for two years, a total of US\$ 2,376,376. There has only been US\$ 912,162 disbursed to the MoFNP and there are conditions to be met prior to a second disbursement of Phase One funds. A Background Analysis was conducted by the Global Fund on year one of Phase One. The analysis highlighted areas that needed further assessing including; there is no financial system to breakdown grants provided to ministries and the ministry contact people should receive financial training. In addition, the MoFNP should recruit a project team and train them, as well as, hire a Programme Coordinator. The MoFNP did not receive a 'go' to move on to Phase Two activities. There are no Phase Two conditions as the MoFNP is still implementing Phase One. The MoFNP has a mixed record achieving the four objectives. This PR has been allocated US\$ 26,522,173 for Phase Two; however, there are many issues to resolve before the funds will be approved.

Zambia National AIDS Network

Round One: Issues were highlighted prior to Phase One which included the development and implementation of a financial management system, a need to increase staff levels, the PR to provide refresher trainings, the PR to develop and utilize a transparent process for reviewing and selecting projects, to insure earmarked funds are used appropriately and to improve reporting. There were three Major Conditions in the grant agreement and all three were met; good systems in place, project review system documented and an M&E plan was developed and is sufficient to monitor indicators. Even though progress was

made some issues were still problematic. The need to improve reporting by the SRs, improve activity consolidation reports, refresher training is needed for SRs in many areas and there are still problems with M&E and reporting mechanisms. This PR has expended about 75% of Phase One funds, the Global Fund is confident that ZNAN will complete Phase One prior to the start of Phase Two. ZNAN will receive an additional \$12,131,468 for a total \$20,204,481 for the five year period. ZNAN did well in reaching targets however, it is recommended that the targets need to be more ambitious.

Round Four: The Background Analysis conducted by the Global Fund found under ZNAN that the SRs financial management systems should be strengthened, the SRs technical medical knowledge should be improved and the PR and SRs need to improve M&E and the integrity of data. The Global Fund believes the gaps in the capacity of ZNAN pose a minor risk. According to the Global Fund ZNAN was on track to expense Phase One funds. There was one Condition to be met prior to signing the Phase Two agreement. The Global Fund wants a detailed budget to show how it will absorb Phase Two funds. There are three Time Bound Actions to be completed prior to the disbursement of funds including the submission of a plan demonstrating how it will implement activities not implemented to date, to hold an M&E Workshop and a plan to utilize the findings and measures to improve staff retention with an indicator to measure it. ZNAN received US\$ 4,814,840 for Phase One and will receive US\$ 26,932,356 for Phase Two which is five times the amount and the scale up has to occur in three years. In the five SDAs ZNAN received four 'Adequate' ratings in providing ART services, IEC outreach, M&E and ensuring supplies and an 'Unacceptable' rating in health system strengthening. Many indicators were still not reached even though an 'Adequate' rating was given. ZNAN will have to scale up from 579 patients on treatment to 4,000 and they will have serious data issues if the SRs do not improve their reporting capacity.

Churches Health Association of Zambia

Round One: This PR was evaluated and issues were raised including capacity needs in financial management and administration, as well as, proposal assessment and project management. As with ZNAN the proposal review process needs to be more transparent. There also needs to be extensive training done with the Faith Based SRs reporting to CHAZ. Specifically, programme and finance staff need training to improve data management and reporting. CHAZ has made progress on the indicators under their control; support of orphans, IEC outreach and people receiving home-based care, however, where they were dependent on the CBoH/MoH for the procurement items they failed to meet their targets. At the end of Phase One CHAZ should have disbursed US\$ 6,614,958, however, it had a cash balance of US\$ 2,002,050 and US\$ 1,100,700 had yet to be disbursed. Phase Two will provide CHAZ an additional US\$ 16,225,653 which is three times the amount they received in Phase One. Recommendations for Phase Two include hire an M&E person, create and utilize a quality control system for data collection and CHAZ needs to set more ambitious targets. CHAZ has also requested to manage all procurement in Phase Two (not the CBoH/MoH) through a procurement agent. ZNAN would benefit from this as well.

Round Four: The Background Analysis conducted by the Global Fund found the PR should provide refresher training to finance staff, capacity building for SRs, as well as, scheduled field visits to monitor the SRs, more M&E staff should be recruited at SR level and the PR has capacity gaps that need to be addressed ongoing with programme implementation. This situation does pose a minor risk to the Global Fund. Phase Two had one Condition that had to be met prior to signing the Phase Two extension, a detailed budget demonstrating how it will absorb the funds allocated to them. There were three Time Bound Actions which had to be approved prior to the first disbursement of Phase Two funds; M&E gaps and the development of a plan to address them, an updated Procurement and Supply Management plan and better forecasting of drugs and an adequate storage facility. The final Action is proof of the appointment of a Finance Manager. The LFA also has noted areas where the PR needs to improve. CHAZ is on track to expense funds from Phase One, however, CHAZ was obligated one year of funds for Phase One which was US\$ 8,487,920. Therefore, CHAZ will receive another US\$ 67,212,129 which is almost eight times the amount expended in Phase One. There are five SDAs and CHAZ received three 'Adequate' one 'Inadequate but Potential Demonstrated' and one 'Unacceptable.' The two challenging areas are operational research and procurement/supply respectfully; neither of these SDAs were carried out. There are still Capacity Concerns with forecasting of health supply requirements, procurement and storage. It has been suggested that CHAZ hire a procurement agent and this has been approved and done (Crown Agents). The LFA still has concerns about the reporting coming from the SRs mostly arithmetic and capturing errors and keeping up with training is difficult because of the high turnover of staff at the SRs.

This chapter evaluated the funding mechanisms in a variety of ways. A background summary was provided to highlight what has been done thus far. Secondly, the formation of the CCMs was analyzed and there were some changes in membership the most significant being there was no USG representative on the Round Four CCM. This is significant as the USG is by far the largest supporter of HIV/AIDS activities in Zambia. Thirdly, the proposal abstracts and priorities were compared and it is very apparent that the Global Fund is becoming more flexible with its rules and the reporting is become less burdensome for the recipient country. The fourth and fifth sections analyzed the levels and percentage of funding for each PR from Round One and Round Four. This did highlight which PRs received more funds and this analysis will be useful in the conclusions section of this paper. The final section compares each PR and its transition from Round One and Round Four which highlights successes and challenges. This is significant as the PRs were able to apply lessons learned and respond to the requests of the evaluations. This section also raises patterns in a PRs ability or inability to expense funds and the reason for it.

¹ A Force for Change: The Global Fund at 30 Months. 2004 Five Country Study. Available: <http://www.theglobalfund.org> Page 20

² EuroHealth Group, Denmark. February 2006. Assessment of the Proposal Development and Review Process of the Global Fund to Fight AIDS, Tuberculosis and Malaria: Assessment Report. Global Fund No.: HQ-GVA-05-010. Page ii

³ Euro Health Group, Denmark. April 2007. The Global Fund to fight AIDS, Tuberculosis and Malaria. Evaluation of the Local Fund Agent System. RFP No. HQ-GVA-06-031. Page vii

⁴ Oomman, Nandini; Michael Bernstein, Steven Rosenzweig. October 2007. Smarter Spending on AIDS: How the Big Funders Can Do Better. Page 38

⁵ EuroHealth Group, Denmark. February 2006. Assessment of the Proposal Development and Review Process of the Global Fund to Fight AIDS, Tuberculosis and Malaria: Assessment Report. Global Fund No.: HQ-GVA-05-010. Page ii

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Chapter 5: Conclusions

This chapter draws conclusions based on the previous analysis conducted on the experiences of the four PRs in Round One and Round Four. The chapter is organised around the six specific hypotheses advanced to account for variations in performance of the PRs. The first area is 'Systems and Procedures' which looks at how the lack of, inflexibility or incorrect type of systems and procedures can be a hindrance to the PRs ability to disburse funds. The second area is 'Public or NGO?' which looks at each PR in terms of how being a public or NGO either benefits or detracts from its ability to disburse funds. The third area is 'Direct Implementation or Grants'. This looks at two different models of programme implementation and compares the two with the different PRs. It highlights which model in the Global Fund setting is more preferable to enable the PR to disburse funds. The fourth area is 'Staff Levels and Capacity of Staff'. This is looked at because all the PRs had challenges related to finding appropriate staff, training and retaining staff. The ability to attract and retain staff made a big difference in the PRs ability to disburse funds. The fifth area is the 'Involvement of NGOs and CSOs in Programme Implementation' and how their involvement improves or hinders project implementation. The final area is the 'Absorption of Funds'. Each PRs was evaluated and preliminary conclusions drawn regarding its ability to rapidly scale up activities and absorb the funds they are receiving from the Global Fund.

Systems and Procedures

The CBoH/MoH had to depend on the Tender Board within the government structure in Zambia. This entity was unable to process needed health items fast enough for the CBoH/MoH, CHAZ and ZNAN. This was very problematic for the implementation of Round One Phase One. This forced all the PRs to come up with individual procurement plans to meet their programme needs. In Round One Phase One the PRs struggled with the existing system and the CBoH/MoH and CHAZ did not meet their objectives when they had to depend on the Tender Board for procurement. ZNAN was not affected as much as the other PRs because they had less procurement needs. In Phase Two of Round One CHAZ's management requested from the Global Fund permission to utilize a private procurement agent, this request was granted. The CBoH/MoH also received recommendations from the Global Fund to utilize pre-approved companies who had the capacity to procure supplies, materials and the equipment needed. The above all relates to systems and procedures that can't support the rapid scale up of activities.

The MoFNP also had challenges regarding procedures. It did not have the systems in place to track the amount of funds provided to each ministry nor the ability to monitor the activities. The MoFNP disbursed funds to over 25 ministries. There was very little reporting back on the use of funds. In Round One the funds for the three diseases were disbursed to the districts or facilities in blocks. There was no immediate way to tell the amount of funds expensed for which disease. The MoFNP does not seem to have the systems and procedures to implement programmes. Their systems and procedures were developed for a different purpose.

ZNAN was a relatively new organisation when it received Round One funds and initially there were many systems and procedures lacking. ZNAN was considered by the Global Fund to be a 'learning organisation' and ZNAN management did mobilize and set up systems, instituted procedures and hired staff to meet Global Fund requirements. In the evaluation that took place prior to Phase Two in Round One there were still some issues, however, ZNAN had the flexibility to create the required systems and procedures. They also have the ability to get staff on board quickly unlike the government PR's which had key positions that remained vacant.

ZNAN was on track for spending in Phase One of Round Four, however, some activities were not carried out as planned. ZNAN was able to do a call for proposals, review and select proposals and disburse funds to selected organisations within 75 days. This is an extremely effective way to disburse funds and ZNAN was able to catch-up on activities quickly.

CHAZ was already a well established organisation prior to being selected as a PR for the Global Fund. However, there were still weaknesses in their systems and procedures. The SR's selected by CHAZ had significant gaps in their ability to manage funds. In the evaluation for Round One Phase Two funding these challenges were still highlighted. The Global Fund rates CHAZ as an 'A' performing grant, however, in the SDAs where they were dependent on the procurement of items they failed to reach the target. CHAZ did request and received permission to do its and ZNAN's procurement in Round One Phase Two.

Public or Non-Governmental Organisations

From the information analyzed it seems the NGOs are more appropriate funding mechanisms for the Global Fund programme than the public entities. The preliminary conclusion for this is the NGOs ability to react quickly to the needs of the programme. The bureaucracy that is a part of all governments make it difficult for the public entities to 'implement' programmes and 'report' on the funds to the Global Fund. As mentioned previously the GoZ would much prefer funds provided directly to the government that could be used to support the National Plan. The Round Four proposal is much closer to that, however, the CBoH/MoH and the MoFNP still will receive funds from the Global Fund and must use those funds for a specific reason and then report on expensed funds.

There were two conditions for the CBoH/MoH prior to signing Round One Phase One and both related to procurement as it was such a large part of the programme. The CBoH/MoH had funds still to be expensed prior to Phase Two in Round One and the vast majority of those funds were to be spent on ARVs, HIV test kits, home based care kits and other supplies. This is the major bottleneck to the success of the CBoH/MoH's Global Fund programme. The main recommendations for Round One Phase Two are the hiring of staff in the Director General's office as well as staff to help with the forecasting of ARVs and other procurement issues. Hiring additional staff is a time consuming effort for public entities.

The MoFNP faced some real challenges from the outset. Prior to signing the Round One Phase One grant agreement the MoFNP faced many conditions. Including requirements to develop a procurement plan for health care projects, a plan for the use of health care products, an M&E plan for the programme, a detailed description of the roles and responsibilities for the MoFNP and NAC regarding the Global Fund programme, the need to hire someone to lead the Global Fund project within the MoFNP and the development of an operational plan for each six quarters of the Global Fund programme. These requests are very programme specific and are not in line with the functioning of a MoFNP. The first instalment was received and 92 percent of it was disbursed to ministries, however, there was no progress made on indicators and there will be no second instalment until these conditions are met. The MoFNP is unable to get the ministries to report on the utilization of the funds. The MoFNP does not seem set up to implement a Health Programme across the entire government structure.

Even with the above challenges above the MoFNP was included in the Round Four Zambia proposal. Only 38 percent of the Round Four Phase One funds were disbursed to the MoFNP. There were conditions required of the MoFNP prior to receiving the second installment which included hiring key staff (a project team) and having systems in place to track and monitor the use of funds. The MoFNP is not on track to receive the second installment of Round Four Phase One and is not currently under evaluation to move on to Round Four Phase Two.

Prior to the implementation of the Round One Phase One the Global Fund had conditions for ZNAN to meet. ZNAN as an NGO with its own bi-laws and governance structure was able to make the changes necessary to meet the requests of the Global Fund. During the evaluation for approval to move on to Round One Phase Two the Global Fund highlighted outstanding issues all were tied to the financial skills, reporting abilities and the data collections of the SRs. This is a real success as ZNAN was a relatively new organisation prior to being selected as a PR for the Global Fun proposal.

ZNAN received approval to move on to the Phase Two funding of Round Four. There were still issues highlighted mostly the addition of new staff M&E and Medical to provide support to the SRs. Training was also recommended to the SRs finance people and the SRs M&E people. ZNAN will be able to react to these requests immediately and will only have its own governance structure to follow to hire these people and coordinate trainings.

Prior to the implementation of the Round One Phase One the Global Fund had conditions for CHAZ to meet. CHAZ was an existing organisation which was supporting Mission Hospitals with other funding. The requirements of the Global Fund were to strengthen the systems already in place, specifically finance, administration and proposal appraisal, as well as, project management. It seems that CHAZ has a programme that encompasses both the implementation of activities and the provision of grants. There were also capacity gaps at the Faith Based SR level which had to be addressed by the PR. CHAZ has both the financial means and organisational means to meet the requests of the Global Fund efficiently and in a timely manner.

CHAZ received approval to move on to Phase Two funding of Round Four. New issues in addition to the other challenges include provide training to the SRs in financial management and re-budget unspent funds for year two, as well as, develop a systematic programme for visiting the SR programmes in the field. The PR also needs to hire additional M&E staff to improve the quality of data collected and reports. The major issue is procurement, CHAZ is managing procurement for CHAZ and ZNAN and the forecasting of needs should be accurate. As CHAZ was able to for Round One CHAZ will be able to make the necessary changes to meet the expectations of the Global Fund.

Direct Implementation or Grants

The implementation of programmes is much more bureaucratic, slower and labour intensive than providing grants. However, the organisation has more control over the programme and it is usually less expensive than providing grants, as the organisation can utilize economies of scale and avoid transaction costs. Both methods require certain expertise; by providing grants it allows an organisation to utilize the different locations and expertise of other organisations to implement the programmes, however, the grantor is still responsible for the outcomes of the sub-grants. The organisation does not have to build itself up and manage a huge structure with a large geographical coverage. Instead, it can have a core office where it can call for proposals, transparently review and select proposals and then disburse funds to those organisations selected. The expertise is having these processes in place and a system for monitoring, evaluating, data collection and reporting on the SRs activities.

The CBoH/MoH is implementing its programme by supporting districts and facilities to implement the activities in its Global Fund proposal. The CBoH/MoH procures supplies and equipment, hires staff and provides training to staff to provide services to the citizens of Zambia. The CBoH/MoH had a massive scale up for the Round One and Round Four Global Fund activities in addition to its normal responsibilities. The CBoH/MoH was not able to provide the support (supplies, equipment, training and enough staff) to the districts and facilities to provide the services. Ideally, the CBoH/MoH will be able to hire the necessary staff and procure the necessary items to enable the districts and facilities to scale up the provision of HIV services.

The MoFNP is implementing activities by supporting ministries to implement health programmes within the ministries. As stated above there is a need to support these ministries through the provision of funds and detailed programme guidance as the implementation of health programmes is not a normal activity for the MoFNP. The MoFNP also needs an operational and procurement plan, as well as, a dedicated programme team to support the 'implementers.' Unfortunately, based on the materials analyzed by the researcher the MoFNP was unable to do this, therefore, unable to implement the Global Fund Programme as envisioned by the Round One and Round Four proposals.

ZNAN does not implement activities it provides grants to NGOs that in turn implement the activities and provide services to clients. ZNAN needed to develop the expertise in order to do this effectively and were able too with the support it requested. Specifically, to develop a financial management system, to carry out new and refresher trainings for staff, to develop transparent procedures for providing grants, to improve reporting and financial accountability by the SRs and finally a system to specifically track earmarked funds to ensure they were used appropriately. ZNAN was able to improve its capacity and is developing the expertise to support its SRs and enable them to implement quality activities.

From the analysis of the CHAZ information it seems CHAZ's model is a mix of grants and direct implementation. They support Mission Hospitals though the provision of funds, equipment, supplies, materials, staff and training. In Round One Phase One CHAZ depended on the CBoH/MoH to provide procurement services and since then has hired a procurement agent to provide the procurement services for both CHAZ and ZNAN. Since CHAZ has a mixed model it spends a high percentage of its funds on equipment and supplies. When it depended on the CBoH/MoH for procurement services it did not meet all of its targets, as this has changed CHAZ is meeting more of its targets. CHAZ needs to be able to implement, as well as, have the capacity for reviewing proposals from Faith Based SRs, therefore, it needs the skills for both models. CHAZ has been successful with its funding thus far; however, the funding amounts for the end of Round One and the Phase Two of Round Four are considerably more.

Staff Levels and Capacity of Staff

The capacity and staff levels of an organisation makes a big different in its ability to expense funds efficiently and effectively. Currently, in Zambia there is a shortage of skilled people to provide the medical, financial, procurement and managerial expertise needed to provide the very much needed services and activities that the Global Fund supports. There are challenges in finding the staff, training the staff and retaining competent staff. This is more difficult in the public sector where people are constantly leaving it for better pay and conditions in the NGO or private sector. Both the CBoH/MoH and the MoFNP had major problems with staff; this problem has caused the Global Fund to stop making disbursements to the MoFNP because of this issue. There are challenges with the capacity and levels of staff at ZNAN and CHAZ as well; however, they do not seem as chronic as the situation is for the public PRs. With the massive scale up all the PRs need to do in Phase Two of Round Four there will be continued challenges in hiring, training and the retention of staff. In addition, the Public sector is not able to hire and terminate staff as quickly as NGOs are able to.

For the CBoH/MoH prior to the signing of the Round One grant the Global Fund had concerns and the need to develop the capacity of staff especially at the district levels in a variety of areas. In Round Four specific areas with staff capacity gaps were mentioned; the Office of the Auditor General, the districts are not able to report on time, more M&E Officers are needed, shortage of staff in the finance department, it is also mentioned there is a high amount of staff turnover. Staff capacity is a major challenge in the CBoH/MoH.

Staffing for the MoFNP seemed to have been a major reason why in both Round One and Round four they were not able to implement programmes to move into Phase Two. Many conditions were tied to the Round One grant and the MoFNP was unable to provide that information because they were unable to hire or reassign specific staff in the MoFNP to manage the Global Fund grant. In Round Four no more funds will be disbursed until three specific positions are filled, the MoFNP was unable to recruit or reassign individuals for these positions so no more funds.

In Round One for ZNAN the only comments regarding staff were to increase finance staffing levels and provide refresher training to the finance staff of the SRs. There were no issues with other technical areas. In Round Four, however, it was noted through an evaluation that there were no trained medical staff and the number of M&E Officers had to be increased to improve the data and reporting. There was also a finding that there was a high turnover of staff and a plan was needed to improve staff retention.

During Round One CHAZ staff specifically had capacity issues in the finance and programme areas regarding computer skills. The Global Fund also recommended recruiting an additional M&E Officer. It was reported at the end of Phase One an M&E Officer still had not been hired. In Round Four it was highlighted that finance, M&E and programme staff at the SR level needed substantial training and more staff should be hired as well. There was also a condition added that the PR needed to hire a Financial Manager prior to the disbursement of funds in Round Four Phase Two.

Involvement of Non-Governmental Organisation's and Civil Society Organisations

The involvement/use of NGOs and CSOs among two of the four PRs has had a positive influence. The two PRs that utilized NGOs and CSOs to help in the implementation of activities were able to meet their targets more often than the other two PRs. This is mainly due to the way the organisations are structured and their flexibility to react to challenges or recommendations in a short period of time. NGOs and CSOs are set up to manage grants and in most cases provide services or information to the public. They work as implementers, provide grants or a combination of the two models and are able to adapt well to changing environments including rapid scale up of activities.

The CBoH/MoH implements services and also provides funds to the districts, however, the districts have the same constraints as the CBoH/MoH. The MoFNP seemed as though it was going to implement projects and provide funds to the other ministries for activities. The MoFNP was unable to implement the activities and the ministries seemed not to have clear direction on how to utilize the funds, nor how to report back. These entities were unable to utilize NGOs, FBOs, CSOs or community groups to help with programme implementation. Ministries are not set up to provide grants or follow the reporting guidelines of donors, it has been very challenging to meet targets and report back to the Global Fund.

ZNAN's model is to provide grants to organisations to implement all the activities under the Round One and Round Four proposals. ZNAN has placed itself well to do this and has had success in reaching targets. The activities are getting done it is just a matter of finding additional organisations and strengthening the existing organisations it works with to rapidly scale up activities.

CHAZ's model seems to be a mix of implementation and providing grants. CHAZ by utilizing the expertise of FBOs and Mission Hospitals has been able to reach the majority of its targets. By working with other organisations they have been successful, however, they too will have to find additional organisations and strengthen themselves and other organisations to dramatically scale up in Round One and Round Four second Phase's.

Absorption of Funds

There is a real challenge in the ability of all four PRs to absorb the funds they are receiving from the Global Fund. The main challenge for all of the PRs is the procurement of equipment, supplies and materials. As noted above there is also the issue of hiring and retaining staff. The procurement and staffing challenges seem to be more pronounced for the public sector than the NGO sector.

The CBoH/MoH in Round One received 44 percent of the funds. The percentage of their funds was increased to 46 percent in Round Four. The CBoH/MoH in Round One was able to expense 70 percent of the Phase One funds on track and the balance of funds will be spent on ARVs and supplies. They will receive an additional US\$ 19,671,657 for Phase Two and they will receive an additional US\$ 106,170,638 for Round Four Phase Two and they were able to expense US\$ 10,698,939 in Round Four Phase One, however, over half was transferred directly to a supply agent for health commodities. The CBoH/MoH will receive over ten times the amount they have absorbed in the first two years and this will have to be spent in three years. This will be a huge challenge.

The MoFNP in Round One received nine percent of the funds. The percentage of their funds was increased to eleven percent in Round Four. This is interesting as the MoFNP was only able to expense 18 percent of its funds in Round One Phase One and has not been allowed to move onto Phase Two until it can resolve the issues in Phase One. They have received 38 percent of their funds for Round Four Phase One and have not been able to access additional funds or move on to Phase Two. The MoFNP's programme seems to be at a standstill and their ability to absorb the funds has been minimal.

ZNAN in Round One received 22 percent of the funds. The percentage of their funds was decreased to 12.5 percent in Round Four. ZNAN was able to expense 75 percent of their funds and the Global Fund was confident that the balance would be expensed by the deadline. In Round One Phase Two ZNAN will receive another US\$ 12,131,468 about 60 percent of their total amount in Round One which should be fine as they have three years in which to expense this money. In Round Four they will receive a total amount of US\$ 31,747,196 and will have expensed the funds they received in Phase One which is about 20 percent of the total amount. They will have three years to expense the balance

of US\$ 26,932,356 which is five times the previous disbursement; however, the organisation has shown its ability to rapidly scale up and should be able to expense these funds on schedule.

CHAZ in Round One received 25 percent of the funds. The percentage of their funds was increased to 30.5 percent in Round Four. CHAZ was able to expense 54 percent of their funds in Round One and had to depend on the CBoH/MoH for procurement and this was stated as a reason for under spending. CHAZ requested and received approval to manage the procurement for themselves and ZNAN in Phase Two of Round One. In Round Four CHAZ will receive US\$ 75,700,049 and will have expensed the funds received in Phase One which is about 10 percent of the total amount. CHAZ now manages the procurement and it was highlighted that there are doubts about the capacity of CHAZ to do this and a procurement agent has been contracted to take on the procurement and storage needs for CHAZ which, will also benefit ZNAN. CHAZ also needs to find the expertise for forecasting and quantifying health supply requirements. CHAZ will have a real challenge to absorb the remaining 90 percent of the Round Four funds during a three year period. The Global Fund has asked for a detailed budget and work plan for the use of the funds.

It is now possible to return to our Research Question: How can variations between the performances of funding mechanisms in disbursing project funds to implementing partners be explained? The researcher explored six hypotheses that have been advanced to account for variations in performances of the PRs. The preliminary conclusions are as follows: There is some support for the first hypothesis concerning Systems and Procedures that suggests that the NGOs have more appropriate systems and procedures with which to manage the funds. The NGOs also had the flexibility to develop new systems or were able to make changes to existing systems. The second area looked at which entity was more appropriate for the successful management of Global Fund activities; Public or NGO. Flexibility was very important for the efficient use of funds and NGOs had more flexibility in hiring staff, contracting procurement support and developing a successful implementation model. The NGOs were able to react quicker to the existing challenges in implementation. The Public entities were more bureaucratic which made it more difficult for them to rapidly scale up and implement programmes.

The third hypothesis concerned the use of a Direct Implementation model or a Grants model. The PRs utilized the two different models, as well as, a combination of both. The preliminary conclusion was that in this situation the grants model and combination model seemed to be more effective than the direct implementation model. However, there are positive aspects to direct implementation if the organisation has the resources including staff, both technical and management, systems, funds and geographical reach. The fourth area was Staff Levels and Capacity of Staff. All the PRs had challenges with staff levels and capacity. There was both a high vacancy rate and a high turnover rate. However, it was apparent that this problem was more chronic in the public PRs as many staff left the public sector to move to the private or NGO sector. In addition, the time it took to hire a person in the public sector took much longer, therefore, leaving positions vacant for a much longer period of time.

The fifth hypothesis concerned the Involvement of NGOs and CSOs in Programme Implementation and how their involvement improves or hinders project implementation. In these two cases the preliminary conclusion is that the involvement of NGOs and CSOs improved the PRs ability to implement the Global Fund activities and, therefore, improved the PRs ability to disburse funds. The final hypothesis looked at each of the PRs ability to Absorb Funds. The preliminary conclusion is that the NGO PRs were absorbing more funds and meeting more targets than their public counterparts.

This research does not make it possible to assess the weight of each factor in improving or worsening the performance of a disbursement mechanism, and performance, as has been explained, must be understood as multi-dimensional. However, it is possible to draw some broad preliminary conclusions about how the differences in disbursement performance might be explained. This dissertation therefore provides the basis for certain preliminary recommendations for policy makers and practitioners as well as laying the foundations for further and more detailed research in future.

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