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**The Global Fund Reorganization: What are the Implications?  
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**JEN KATES:** Good afternoon and welcome to the Kaiser Family Foundation's webcast series U.S. Global Health Policy in Focus. We're coming to you live from our broadcast studio in Washington D.C., I'm Jen Kates Vice President of the Kaiser Family Foundation. In Focus brings you discussions and takes your questions about current issues and debates concerning the U.S. Government's role in global health. Each live webcast features leaders in their field sharing their views and experiences. Today we are very pleased to have an expert panel to discuss recent changes and funding challenges of The Global Fund to fight AIDS, TB and Malaria and the implications for U.S. global health policy.

Over the past year The Global Fund has adopted a new strategy, approved a transformation plan incorporating recommendations for a recent independent review, appointed a general manager who has already begun implementing this transformation plan and temporarily halted funding of new programs due to financial constraints.

What specific changes are being made and why? What are the funding challenges? How will these impact the Global Fund's efforts to address HIV, TB and malaria? And what does this all mean for the U.S.? Here to talk about these issues

Morrison, Senior Vice President of the Global Health Policy Center at the Center for Strategic and International Studies. Shepherd Smith, President and Founder of the Institute for Youth Development and Todd Summers an independent consultant and Chair of the Strategy Investment and Impact Committee at the Global Fund. Welcome to all of you and thank you very much for being here.

And to our audience today's conversation is a live webcast and we encourage you to submit your questions to along the way by emailing or via Twitter using #kffinfofocus. I'll be monitoring questions as we go. I'd like to start by setting the stage a little bit and going to our panel, thinking about The Global Fund, it's emerged as one of the leading global health financial institutions in the world. Which is a pretty remarkable thing to think about since it was just created a decade ago and here we are.

So what happens with The Global Fund today and in the future stands to affect millions of people and that's why its status and what's going on with it is so important to look at, on all the changes that I mentioned earlier. And at the same time the U.S. Government itself with its HIV program and its TB and malaria efforts is also undergoing some changes. Right now the U.S. response with PEPFAR is transitioning from an

midst of a budget environment that's very different than we've seen in the past and with the most recent budget request the President has actually signaled a reallocation of funding from bi-lateral to multi-lateral. All of this is happening and it's led to some apprehension among some, some excitement among others. It's really an interesting time to think about this.

So that's the background context and I'm hoping that we can add some clarity to that and think through what it might all mean and I'm going to start with Todd, who will in some concise way tell us what are the big things that have changed in the last year? I mean what happened, why was there an independent review? There's a general manager now. What were some of the funding challenges? Kind of set the stage for us as to where are we right now based on what has just occurred.

**TODD SUMMERS:** Sure, well the question is what's changed and I think the more appropriate question is what hasn't changed? Because I think The Global Fund has been under a significant amount of pressure lately and going through quite tumultuous changes at all levels of the organization. We have a new five year strategy that the Board approved last November that's strong, that charts a very important new direction for the Global Fund; requires very substantial changes in the way that it does business in almost every aspect; has an increased

with what you have;. spends a lot more time on making sure that once the money gets to countries that there's a lot more partnership to make the money work; recognizes that The Global Fund has a critical role in human rights ; and just reiterates its importance in raising resources from donors both new and traditional to maximum the efforts in the countries.

I think the strategy is really a guidepost, now the hard work ahead is to actually figure out how do you take that paper and turn it into a very different way of doing business day in and day out. And certainly how to change the partnership with PEPFAR and the President's Malaria Initiative is a key component of that because in most of the highest impact countries PEPFAR and The Global Fund are operating side by side and are by the far the largest donors. You've seen a lot of changes in the Secretariat, you mentioned the new general manger, that's an interim step while we're searching for a new executive director, that search is now underway. There's actually a hope that we conclude by this September which would be exciting. So that's going to be a big change but while that's been happening the general manager came in and made very strong changes in the Secretariat, a lot of people had jobs disappear underneath them, a lot of people's job descriptions changed. So some people left, some people stayed

grant management than in other aspects of The Global Fund's operations.

The economic environment has certainly changed, it was just last year that The Global Fund Board has to cancel a pending funding round and now we have some glimmer of hope that the situation is better than we may have thought. We're still trying to come to grips with exactly what the financial forecast is given increased volatility with donors but I think we have a slightly better picture that we'll be able to actually put money against increasing efforts rather than just kind of holding level with what we're doing. Probably the most important change is actually not The Global Fund, it's about the diseases themselves. I think we see tremendous opportunities to really make a big difference and to change forever the trajectory of three of the most deadly epidemics that we have, and that comes from a variety of angles.

We have, a new understanding and appreciation for how expanding access to AIDS treatment not only helps to save lives but helps to prevent future infections, that's a great opportunity. And for tuberculosis, we have some new diagnostics I think that are going to really help us to find people that are having drug resistant TB and just diagnosing TB earlier in patients that are harder to find otherwise. And in

malaria that allow you on the spot to determine whether or not a person, who is particularly a child, actually has malaria. And so we have to figure out how to get these diagnostics out, how to use them and how to ensure that when he have a diagnosis if it is malaria that they get the proper treatment and if it isn't malaria that they get the proper treatment for whatever it is that they do have. So the diseases themselves present us with you know, just a tremendous opportunity now if we can convince donors to come back to the table in force and convince them that The Global Fund and PEPFAR and PMI remain important strategic investments for tax payers, particularly U.S. tax payers.

**JEN KATES:** One follow-up question before I go to Joanne and I wanted to ask Joanne a little about what impact The Global Fund has already had and what's unique or different or what are its core strengths and things that might set it apart from other things. One follow-up question that I know has come up when people hear about all these changes you know, what's been done to ensure that things on the ground are continued at the same time? You know when you change a major organization like that that's in charge of financing the delivery of services in 150 countries, how does that disrupt or how were things put in place to make sure it didn't disrupt

**TODD SUMMERS:** Well the Board, when it cancelled Round 11 which happened last fall, also put in place a transitional financing mechanism. That allowed countries to come to The Global Fund and seek financing just to hold programs level to protect that gains that had been over the past decade and ensure that while we are trying to figure out the financial situation, we weren't going backwards. Those proposals have now been received and they're actually literally under review as we speak, by the independent Technical Review Panel. The good news is that financial forecasts that we've received show that we can probably fund all of those proposals, so we're now just waiting to see what the TRP, the Technical Review Panel, recommends but I think we're going to be able to finance those.

That gives a little bit of breathing room and gives countries some breathing room, but still in all, you know, countries were moving forward and we've asked them now to put the brakes on. So, changing direction yet again and saying okay take the brakes off and go forward but we're not sure how fast, you know, is a real challenge when you're trying to mount programs that are incredibly complex and that put people lives literally in the balance.

**JEN KATES:** Thanks. Joanne I want to turn to you and please pick up on those if you want. I also would be



strengths that maybe a bilateral donor might not have on its own or maybe there are other things about it that make it less able to do things that a bilateral entity might be able to do.

**JOANNE CARTER:** Sure, it may be important to start with a little bit building on Todd what you've been talking about, but there's the what that's interesting and then I think the how. But I think in a sort of evidence based way of looking at Global Fund strengths and weaknesses, most important should be like what it's accomplished or help accomplish. So one is you know, working with partners saving over six million lives, you know being - funding 3.3 million on AIDS treatment, having treated over almost nine million people for tuberculosis. You know, being key to this massive scale up of bed nets you know, and other malaria treatments and prevention that you know I think none of us frankly, even five years ago would have maybe predicted - maybe a few but most of us wouldn't have seen the kind of rapid impact we've had on the malaria epidemic and the reductions in mortality.

I can also speak you know, the piece that probably gets the least attention is tuberculosis, but I've worked on that as an advocate for over 15 years. And it really wasn't until The Global Fund was available that countries had any capacity to do scale up. You know, BRAC, the Bangladesh Rural Advancement

years because they actually found it was the reason their micro-loan borrowers couldn't pay back their loans. So huge issue in Asia and it wasn't until The Global Fund came along that they were able to take that up and they're now covering more than half the country with the government doing the other half. So that's the kind of thing that the Global Fund's made possible, clearly with partners, you know, with PEPFAR, with PMI, with others.

But I think the other piece, I think it's so important in a moment when we're talking about things that we need to fix with The Global Fund or reform, to also say that there's some really important cores strengths and that we actually need to hold onto those, and I think it's really important that the strategy is kind of built on that. So to me it's that it's a country led process. I mean yes, you want to inform it better but country led process. That it's a multi-stake holder process. That you know The Global Fund, as imperfect as some of these country coordinating mechanisms have been, I've had colleagues tell me in so many countries that it was The Global Fund, that the fact that all the stake holders had to be around the table and sign off on a proposal that forced the government to sit down with other country partners in a way that had never happened before in countries, so this country coordinating

Yes, the fact that countries could be rewarded for being ambitious in terms of scale up and that we could do that.

And that I think at this moment we're also thinking about how to increase the impact of The Global Fund. The fact that it's been a global response, it's actually been a way for the U.S. not only leverage its resources by bringing in other donors on these programs, but also to kind of increase its reach. Because while PEPFAR may be focused on a really important core set of countries, through The Global Fund, we're able to you know, be engaged in supporting programs and leveraging you know really important responses to all three epidemics in a whole bunch of countries where we're not working directly. So I think all of those things have been really important in terms of The Global Fund's response, and we need to really hold onto those and not kind of, to use a cliché, really throw out the baby with bathwater as we're trying to strengthen it and reform it.

**JEN KATES:** I want to bring Stephen and Shepherd into this. Steve, you and Todd actually recently wrote a paper about what's going on with The Global Fund in the past year called *Righting the Global Fund*. And in that paper you pointed out a lot of these challenges and some ideas for what could be done to address the challenges. But I'd say when you read it

its a precarious position. So I'd love for you talk a little bit about that, based on also what you've heard. I mean, stepping back a little bit these are almost like the details that people working more closely know about but what's the perception you know, the international community's perception now, the donors? Are these reforms getting traction do you think? Is one question, and one of the things I wanted to put out there, and I'm going to have some questions for Shepherd is, if you read some of the most recent reporting out of The Global Fund by the general manger as he's trying to address these changes, he talks about something interesting which is that The Global Fund in his view to some extent, had become another Geneva/UN focused, inwardly focused organization and forgot that maybe a little bit that its customer was people and countries. And that sounds like a lot of the cultural shifts as well as some of the reorg is to get to get back to that so I'm just putting those out there, I'd love to hear your views on them. And then Shepherd I'm going to turn to you more on the involvement of the community and NGOs.

**STEPHEN MORRISON:** Okay, great thank you. Let me hit on - quickly hit on a couple of the big pieces. On the staff restructuring I think the general manager Jaramillo, moved ahead with extraordinary speed and scope and this is very

focused among 20 focused countries, the communications, performance standards, personnel - the scope and depth of those changes are profound and they're moving at a remarkable speed. The fact that he was able to credibly show up April scarcely 60 days into his job and make a very credible case to Congress and to the Administration was directly linked to Congress turning around and in the House and Senate Appropriations making also remarkable commitments; The House coming in at 1.3 billion, Senate at 1.65 billion. This is pretty unusual phenomenon so the way in which he's going about this is directly tied to sustaining a very exceptional level of support within Congress and the Administration.

There's a lot of work still to be on the restructuring in terms of completion of this changing of the culture within the organization, that's not complete but they've made very fast progress on that. The funding model is the other big change that has to be effected and I know Todd's very integral to that. That funding model is still to be refined and put in place but they're moving out of the rounds, they're moving towards something that is going to be much more tough minded, much more selective, something that is going to put a focus upon the fact that resources are far less than demand. And there has to be prioritization and a more tough minded approach

question of whether the Board will be up to the task of living with this and supporting this or whether the Board will have great problems and balk and have the political pressures and incentives to micromanage and overturn or thwart some of this and that is still to be proven and seen.

The other thing I would say in terms of big outstanding issues is the whole funding point. The fund has \$8 billion to do the phase two renewals and to do the emergency transition mechanism, that's supposed to be an 18 month program. They tightened up their cost projections, they brought in some new talent, they're still recruiting a new CFO, but the reality is that the Eurozone, the EU member states are in the midst of a crisis around the Euro and a crisis around the union itself. And it's worsening day by day and it's moving from marginal states to core states and no one knows where that's going to go and that scale of crisis is eating away at ODA, at Overseas Development Assistance, and it creates enormous softness and uncertainty around what is the funding stream. The U.S. is looking very promising, the European member state budgets are looking extremely soft and uncertain and what is that going to mean looking forward? And no one's defined yet what a realistic and feasible funding stream is going to look like over the next couple of years because nobody can quite do that.

management and a new infrastructure and a very tough funding situation where it may have to basically deal with much more modest levels than expectations were set at recently. And it's going to have to manage its Board and its constituencies to regain its credibility and renew those fundings but on a much more modest scale potentially than what people would hope for because the circumstances are so tough.

**JEN KATES:** I think you brought up something, we actually got a question about this from somebody at the Pacific Friends of The Global Fund to Fights AIDS, TB and Malaria about the Eurozone crisis and the European ODA and what does that mean for the future of The Global Fund? I mean if you read the most recent report it's much more optimistic but it has a cautionary note, this is an optimistic outlook, nothing's a done a deal. And so that's really good laying out some of those challenges that I'm sure we're going to come back to. I want to turn to Shepherd because -

**TODD SUMMERS:** Well before you do, just one small technical point which is that the European donors are connected to the U.S. contribution because at least under current law the U.S. cannot be any more than one-third of what's in. So if Europe slows down that could hold back even if the U.S. appropriates a significant amount of money. The other thing I

tension between sort of allocating scarce resources and trying to support a demand based effort which has been what's, as Joanne said, one of the strengths of The Global Fund, you know, we have to figure out how to spend the money smartly but also communicate that there's still a substantial amount of work left to do. There's still a lot of people with AIDS who are not getting treatment, a lot of people with TB and increasingly MDRTB who are not getting appropriately diagnosed and treated, a lot of problems still with malaria that we have to deal with.

So I know there is this tension between kind of being smart and thoughtful and not overly optimistic, at the same time we have to still be daring in a way about how we want to respond to the opportunities that are in front of us with these diseases.

**JOANNE CARTER:** And maybe just because you know on this point about - and I'm not - you know, I think that there are obviously huge financial challenges but I have a much more - I mean just looking at the actual numbers, I actually have a much more optimistic picture. I mean if there's a Eurozone, you know, increase in crisis it's going to affect - yes obviously it's going to effect The Global Fund and ODA but lots of other things too so I mean that's something to balance. But if you



support. The fact that Japan, post earthquake, tsunami and nuclear crisis actually met its pledge for 2011 and 2012 and in fact did it early, the fact that the U.K. is talking about doubling its contribution, they've said that publicly, it's sort of we're waiting to see when and hopefully it might be this fall. And then yes while there's sort of no assumption that you know, Spain or Italy are going to be able to do anything though they are in discussions with them, I mean in fact things have really stabilized well in Germany. Like I said seeing positive signals from The Netherlands again stabilized and then - and even with France with you know, some of the challenges they've been hugely involved in the whole strategic process.

And so I think in many ways if there isn't a huge collapse I actually think it's a much more positive view which is not - I think with the different challenge we face which is the one you both have pointed to which is that the opportunities of this moment are outstripping resources.

**JEN KATES:** So let's look at these questions from a little bit of a different perspective which is the ground perspective, working as an NGO in the field which you've been doing for many, many years with your organization and with partners. What has been your experience of The Global Fund,

**SHEPHERD SMITH:** Well first, it's good to see major reform occurring because it's so needed, I'm just surprised it took so long to happen. The first red flags were raised by the GAO in 2003, I think again in 2007 but when you're in the field watching these programs and can compare PEPFAR to The Global Fund in virtually every country we're in, the difference is just so remarkable. PEPFAR is well run, well managed, The Global Fund is generally not anywhere near it in quality, the oversight in respect to programs is lacking in the field and that really needs to be part of this reform effort. The whole mechanism of setting up through CCMS is largely locked out to faith community in countries. The faith community contributes by The World Health Organization study, somewhere between 30 and 70-percent of healthcare and yet The Global Fund's only giving 4.2-percent of its money to the faith community. But beyond that we don't see it embracing the faith community as a legitimate partner in many countries that we're in where we're actually doing more work than nearly anyone else to help affected by HIV/AIDS.

And so for those of us who really want to maximize dollars, who really want to - and I think everybody here does, want to help as many people as possible that are out there doing it day in and day out, the reforms needed for The Global

**TODD SUMMERS:** I want to kind of check in on this comment or it was actually a question to Steve I think but you brought it up a little bit which is, the U.N.-like approach of The Global Fund and I think that we've seen that in a couple ways. One is certainly internally within the Secretariat, you know The Global Fund was birthed out of the WHO, when it was started all the staff were actually WHO staff under a contract agreement with the WHO. And that was you know, that was needed and we needed to get going fast or just wasn't time to kind of set up a whole independent thing so WHO stepped in to help. But it also brought with it a little bit of kind of the approach to you know, the world that can happen when you're in a very large bureaucracy so then when they emerged and attained sort of fully independent status, some of that kind of came with a bit of a hangover.

But I think even more importantly you know The Global Fund was set up to promote a response that went beyond government, Joanne you raised this around the kind of the multilateral approach, and said it's tried to focus on not only governmental grantees but also non-governmental grantees. And a significant portion of the funds, you probably know the percentage, are actually managed by non-governmental grantees, now whether or not enough of those are faith-based organization

substantive questions around you know, what's the most sustainable response? So in some cases supporting NGOs is a way around governments that are weak, but the challenge is to invest in sustainable response. You ultimately depend on governments to meet the needs of their people you know, the countries that are most affected by these three diseases have to rely primarily on their own governments to be the leaders and in many cases the primary investors in the response.

And so your challenge to figure out how much do you work around a challenged government and how much do you invest in them? And this is where I see the complementarity between PEPFAR and The Global Fund because I think PEPFAR has in many ways been able to demonstrate a much faster, tougher, stronger, better administered response. But in many cases it's also done that by working around governments and I think you know, there's kind of a meeting that needs to happen with The Global Fund still needs to do a better job around supporting non-governmental groups while investing in governments. And PEPFAR needs to figure out how to build a more sustainable response so it can back out of some countries and put the burden for managing the response where it belongs which is on the governments of the countries that are most affected.

**SHEPHERD SMITH:** Yes, and we don't disagree that

we've done is to do just that. But this giving capacity and building that and giving technical assistance and having it there does not exist on the ground that we see in respect to The Global Fund and it needs to be strengthened in some way and sure PEPFAR can help. But I think that this rush to transition from bilateral to multilateral is not anyone's best interest on the ground that are receiving services. I think we need to take it a little more slowly and more carefully and see that the reforms that are actually happening with The Global Fund stick. And that's just an activist speaking so.

**JOANNE CARTER:** I was going to say in some ways I feel like that good news you know, in the way that Congress responded in saying we need to do both you know, even in a challenged budget you know that we need to actually scale up funding for The Global Fund and need to really maintain the support PEPFAR and you know, supporting PMI. So in a sense it really is both and how did those partners and you know the technical partners really support even smarter work on the ground you know I would say that.

And also it feels as if we have to wrestle with the very challenges you're both laying out but that I think you spoke to Todd, about how do we work with and really strengthen governments and governments working with non-governmental

many ways I feel like some of the challenges of The Global Fund is wrestling with, and that we've talked about, the whole world is wrestling with. And a lot of bilaterals are saying we actually have to get this right because it's sort of where we need to go in order to have real sustainability.

**SHEPHERD SMITH:** We agree but sustaining both to me, is not suggesting a \$500 million cut to PEPFAR in Administration's budget.

**JEN KATES:** Actually we're going to get to that in just a minute because that's a whole important topic that we're going to cover folks, do you have one thing on this? Because also we several technical questions to people who might know answers about some of the transition that I want to get out. And then I want to turn to U.S. and PEPFAR.

**STEPHEN MORRISON:** I was going to follow up on the whole question around why is Congress stepping forward in this way and what does this mean maybe you -

**JEN KATES:** Yes, we're going to get there because I think we all want to talk about that because it's you know, if you weren't in it you would not predict that this would be the case and I think it's a pretty - and sort of all the things that are happening in that. A couple technical questions to follow up as you both were speaking about some the changes, we

will there be enough funding for the transitional mechanism to support everything? So can you just - to the extent answers are known for those things, they came from Johns Hopkins University I believe.

**TODD SUMMERS:** Sure the quick answer is that on the Affordable Medicines Facility for Malaria, sorry it's hard to say that. I'm only acronyms now in my life.

[Laughter]

**TODD SUMMERS:** So the AMFM was a pilot effort that's hosted by The Global Fund, the phraseology that worked politically, so this is an effort to try to stimulate uptake of the most current medicines, the artemisinin containing combination therapies or ACTs through the private sector. Which in addition to faith community many countries, the private sector including faith communities is the primary area where people go to get health care including anti-malarials and that can be anywhere from private clinics to those little private drug kiosks that are ubiquitous. And the AMFM tried to essentially use the private sector as a vehicle to expand access by subsidizing the prices of these ACTs to the point where they were cost competitive with old medicines that no longer worked in a way to try to drive them out of the market. So it was experiment, it was only available to a limited number

Zanzibar so the they kind of sometimes appear as their own country.

The program's first phase is coming to and end, the Board has a working group that's been established to come up with recommendations later this fall as to what to do going forward. I would guess that we're going to come out by saying that we've learned a lot through this process and we've learned that in some places under some circumstances this a smart approach, but in other places it's not. And we should be, in many places really escalating access to those diagnostics for malaria that I mentioned earlier and so we're not spending a lot of money on treating people for malaria that don't have malaria.

**JOANNE CARTER:** And some ways it exciting because the success of the response of kind of gone forward so fast that it's rethinking how to more strategically use the AMFM in specific places.

**TODD SUMMERS:** So we're trying to figure out if the Board decides to do something differently or discontinue the AMFM in its current form, how do you make sure the countries don't suffer? So that's certainly an active part of the conversation. So I'd expect that in some countries they'll transition out of using the AMFM and we'll try to figure out



because we have the -. On the transitional financing mechanism, we have a pretty strong assurance now that we have enough resources that are otherwise uncommitted to fund every application that the TRP approves. We have enough to fund every proposal that came through and it's unlikely the TRP approves or recommends approval of all them, although we do expect a much higher rate than a typical funding round. So I think it was \$600 million thereabouts, I think we should be assured that if they put in a good proposal they'll get funding and frankly under the new strategy there's even a little of bit opportunity to go back and forth. So if the proposal wasn't perfect and there's questions there's more of a chance now to go back and forth with the country to make sure that funding doesn't suffer because the proposal was weak.

**JOANNE CARTER:** And maybe just to add just because that in additional to at least the latest estimates that will be continued to be sort of reassessed, but the latest estimates in terms of the resource forecast and the reason that we made this plan to kind of look to turn the tap back on for new funding in fall is that the estimates show not only are they going to be able to be able to fully fund this transitional funding mechanism, but that there's about an additional 1.3 billion available. Now 500 million of that is being held in reserve

increased funding from the U.K., so there actually is room to do at least some of the things that we need to do in this next year.

**JEN KATES:** Okay thanks. So let's go to the U.S. specifically and I'm going to let Steve take it first, but just to sort of paint that picture, the U.S. is clearly its largest donor to The Global Fund. It helped start The Global Fund I mean it was an original architect of it, first pledge, etc. It's the largest donor to AIDS/HIV in the world, second largest to TB and malaria behind The Global Fund so in a sense it's the largest there probably. And it's always been the largest donor to The Global Fund throughout The Global Fund's history and there's always been a relationship between the bilateral and The Global Fund, but something has shifted, the discussion has shifted, the perception and some of the funding allocations. And what's interesting is that under the Obama Administration strategy around Global Health Initiative and more broadly there's been an increased emphasis on multilaterals. I wasn't sure, others weren't, if that would mean funding distribution but it seems like it's leading in that direction, in the most recent budget request we saw that the most starkly. But preceding that the multi-year pledge that the Administration made was the first I think, multi-year pledge that was ever

pledges aren't made by the U.S. Government. So that signals something and then coming forward and saying in this -

**TODD SUMMERS:** It's the second after GAVI.

**JEN KATES:** Oh right, second after GAVI so that came first. So both of those signaling the same thing that the U.S. for the first was saying we're going to make those multilateral pledges, we know Congress has to appropriate the money, but to put that marker out there. And then in the most recent budget request to say we're going to meet those, at least that's the request but as Shepherd already mentioned it's starting to come out saying we're going to reduce bilateral HIV but 500 something million. Which has caused a lot of concern and questions and there's been many discussions about this. Malaria bilateral and TB went down a little bit as well.

And it just raised a lot of questions about is that shift too fast, is it too much, how does it fit into the AIDS free generation concept? And then since then we've had Congress react to it and as Steve started to say the reaction from Congress was probably not what everyone expected. I think there's differences in how Congress wants to balance the bilateral and the multilateral between the Senate and the House. But I mean, please talk about it and I think we're at an interesting moment. I'd like to also then have Shepherd

**STEPHEN MORRISON:** Well yes the first thing I'd say is this is a complicated question with no clear answer and I'll say what I think some of the answers may be. It's made more difficult by the fact that the Administration has not really clearly explained these actions that have been taken, so it's not like there's a vision out there that says we're moving from A to B. What we know is that we have a contracting base pool of dollars available for either purpose. We know that there is a defacto marriage of PEPFAR and The Global Fund programs particularly around HIV/AIDS and TB. And in order to hit targets and win compliance in Congress with these, they are becoming much more tightly integrated and under much greater - so there is a blurring of the bilateral, multilateral line and there's a defacto marriage that is happening. It hasn't been articulated very well but there's also an effort at reorienting money in order to hit treatment targets and some of the other targets in a more strategic way. We know that on The Global Fund they've done a very, very good job here in Washington on the advocacy side, we know there's a certain measure of continuity and vitality to bipartisan support up on the Hill that has worked to their favor.

We know that there is shift to multilateralism, some of that is motivated I think by an effort to try and free up more

Administration came in with a broader view, they recognized the value of the PEPFAR inheritance but they were looking to find ways to create better sharing of burdens. Multilateral instruments are ways that you can begin to go and leverage greater commitments from your partner countries and greater commitments from other donors and market that back to Congress in the midst of our own budget crisis which is weighing very heavily. And in the midst of pressure upon getting money for the Middle East, North Africa Program and for climate change and for water and food security and all of the other competitive issues that there are constituencies saying wait a second, we can't allow all of our budget to get swallowed by these. But we need a strategy to be responsible and have a long-term vision.

But as I said at the outset, no one sat down and said here's the vision so you're left to speculate about a combination of factors that are shaping this change and I think I've hit most of them but probably not all of them.

**SHEPHERD SMITH:** Well another piece to throw into that is the Global Health Initiative and that that needs clarification as well. The Administration didn't go to the Congress to make clear what that would be and it has great value. I think Lois Quam has done an excellent job for what

concerned, I think a lot of people are surprised at the numbers that have come out of the House and Senate for The Global Fund. And it's a pretty tenuous time, money is tight and if there isn't some real proof in the pudding that these changes and reforms are occurring and that there is what Steve's saying about clarity on transition and what the different rules are, you know it could go the other way in a year or two.

**STEPHEN MORRISON:** There's one very important point that I didn't make which is that there's a recognition, a sort widely shared recognition that U.S. national interests cannot afford to see The Global Fund fail and so the interdependents of the bilateral investment with the multilateral investment is understood as a strategic factor. And second is when we have gone to The Fund with fairly tough minded requests for reforms, we've gotten answers that have satisfied us and that dynamic - it's not just what happened in April when Gabriel Jaramillo was here. He was coming on the heels of multiple periods in which the Hill has said we want to see A,B,C and D and because we are such a vital contributor and Congress has been hands on and engaged that there has been a pattern of trust and credibility built up that allows for this sort of thing. The third very important factor is the Presidential hands on commitment. It's difficult to overestimate the power when President Bush gave

and say four billion, three years, this is a priority, it moves the most powerful agency of the U.S. Government into a strategic position and bunch of other things become possible. And those factors are very important in understanding what's happening here.

**TODD SUMMERS:** Can I go to - Shepherd I want to comment on something you said earlier around kind of the challenges of The Global Fund and they're real. I mean I spent a lot of time kind of in dialogue as we were working to develop this new strategy, a lot of - over 700 people in you know different settings and we heard a lot of complaints around the operation. Some of them hopefully will be addressed through some of these reforms. But it goes back to the earliest days of The Global Fund when it was being set up and how it was being set up and this expectation that The Global Fund would literally be a check writing instrument that would just flow money to countries, and that the technical support necessary to make sure that those monies were used effectively would be provided by the bilateral and the multilateral partners. And so The Global Fund was kind of there with kind of no instrumentality to actually affect the success of its grants. And I think that you know, then you look at The Global Fund and say well it failed but what does that mean? I think it means that we

others failed because they committed to make sure that The Global Fund monies worked well and in many cases they didn't.

And then you go to the field and you see people from the U.S. kind of play into that The Global Fund over there and all its problems and you're like well a third of the money that's sitting there failing is U.S. taxpayer money so you better get and go. I think Eric Goosby, head of the PEPFAR program has done a remarkable job and Mark Dybul before him had started this certainly. But you know, really tried to increase the expectation that the country teams working on PEPFAR would view The Global Fund's success in their countries as part of their jobs. And that the country operational plans and other aspects by which they would be judged were really part and parcel. And so not just pay attention to the bi-lateral but your job is to make sure The Global Fund works as well as it can. They've hired 15 or some odd The Global Fund liaisons, they've got Michael Johnson, an experienced physician working full time in Geneva just to facilitate this connection. I think they've really stepped up, I think you know we need to put more pressure on other who have that bilateral capacity to step up and we need to put more pressure on WHO and UNAIDS to do a better job around working with countries and in particular making some of the tough decisions around what's a smart



**JOANNE CARTER:** And I would only add, I mean I know that we've all eluded to a lot of the challenges but again I want to come to you know, some evidence base. So when we're talking about failures you know there's certainly been failures in some countries, there have been failures of just money moving more slowly than it could you know that could have had more impact, but again sort of weighing the evidence of impact on the ground. And admittedly that impact, you can't even really necessarily completely tease it out from the partners, nor should you, put impact on the ground, so kind of compared to what? Some bilateral programs that have given budget support and you can't find out where it went at all? You know the World Bank's own internal evaluation of it's Africa programs and held from '97 to 2007 where they found like 75-percent of them failed on their own you know, evaluations. So I think, you know I'm not trying to compare to other donors but to just say the impact on the ground despite the challenges of everything that you mentioned is like I just want to come back to some of that.

And then to the point of - I think one of the other things that a bit has driven the - I think Congress has kind of come up with a really good way forward which is do both, right? And I mean and I think that has to be the answer but part of it

Fund doesn't but also that The Global Fund is a platform on which those things are assumed to function. Like PMI, they're assuming they're going to have Global Fund money to do what they do you know, it's true even of PEPFAR and it's certainly true of TB programs, so in some ways there is that marriage that you talked about. They're so interlinked in terms of what they need to deliver together that sort of estimates or there's a lot that the U.S. bi-lateral programs can deliver but they almost do them without that sort of broader base of support.

**TODD SUMMERS:** It is really a shame though, I think Steve, you made a great point around the lack of kind of standing behind the budget with a vision. And I think that incorporating that with a better, more fully articulated vision for Global Health Initiative is part and parcel to that right? So part of GHI was run using U.S. political muscle to sort of engage these countries more and just sort of raise expectations around a mutual response, shared responsibility, putting some of the big policy barriers, human rights barriers on the table, putting more money on the table. I just sat through a review of some of the phase two grants, this is the second part of some of the grants, and unlike the new grants we have eight billion dollars of renewals coming through over the next couple years, so there's a big chunk of change coming through. I was

deaths from malaria happen in Nigeria. And I'm reading the review and it's like what's the Federal Government's contribution? Four-percent. What are the states contributing? Zero. And that's simply not acceptable and it ought not be acceptable to the U.S. to the point where the U.S. Ambassador raises it at the highest levels of the Nigerian government saying we are not there to put money into a fight where you're not fully engaged. So we have to figure out together how to do that. We're not going to step back because it's too important, Nigeria cannot fail but it's more important that you and the governors of those states put more on the table in terms of political leadership and money. And that's where GHI expressed this visions that so far has not been fully evident.

**SHEPHERD SMITH:** Yes, and unfortunately Nigeria's not the best example of the expenditures of The Global Fund money either. And the scandals that arose and followed by the fix giving more money to the government and apparently not learning a lesson. So we agree that we've got to do a lot to support the governments but how we make sure that the monies are maximized so that the most people can benefit from these dollars. In comparison right now PEPFAR does so much better than The Global Fund and it's not fixed yet and we have to do a lot more reform.

**STEPHEN MORRISON:** I just want to use one other case to illustrate the complexity I think of this bilateral and multilateral with is Ethiopia. I mean look at Ethiopia, The Global Fund made it's biggest commitment globally, any country, to Ethiopia, 1.3 billion, there's now new announcements coming forward this month that'll add probably another 400 million, 450 million. In terms of PEPFAR program, a massive investment, \$1.7 billion dollars over the last - since '04. And what has happened recently, what's happened is both entities have come to the conclusion that they have pipeline problems and they're oversubscribed but they have to stay in the game in a significant way because there are still many important things to do. But they want to, in the case of USG, scale down the long-term commitments, in the case of The Global Fund, also scale down some of their commitments and reorder them. And an awareness that they have to be much more tightly integrated with one another in terms of the point Todd was making, we have a large, very competent AID, PEPFAR, CDC team in Addis Ababa that its expertise oversight and the like needs to be much more carefully leveraged around those Global Fund programs.

So today, what are we seeing happen? We're seeing The Global Fund portfolio managers coming in repeatedly over the spring for very intensive planning and deliberations with the

has not existed before. That's a smart way forward. You're going to get better bang for your buck from both dollars source streams, you're going to be putting fewer aggregate dollars out and getting better results and the dollars that you're pulling out are going to go to places that are of higher burden or better demand on that. And that's I think, illustrative of where we are, that's very illustrative I think, of where we are today in this.

**JEN KATES:** We actually got a question about Kenya from that - I think looking at the question, it was about PEPFAR providing some much of the AIDS budget for the country, not it's own government and now it's one of the countries that has the pipeline issues, the similar phenomenon is going on. And so I don't know if anyone wants to speak to what might - if a similar strategy is already occurring in Kenya around that transition but I think it raises the same point. If there are legitimate issues to reorganizing or reprioritizing funds, what does it do to affect - you know, how do you make that transition effectively? How do you bring in The Global Fund and bring in the bilaterals at the same time?

**TODD SUMMERS:** Well there is a challenge because Nigeria is a bad example but it's also for that reason, it's a good example right? Because you can't succeed in fighting

challenges in Nigeria are something that somehow or another we've got to pull together like is happening in Ethiopia and just figure that out. You know Kenya is a country that for, I think something like eight or nine rounds failed to get a malaria grant approved. And no one argues that they don't have a problem with malaria or HIV but it was this kind of you know, pass fail competitive system that we had in the past which hopefully we'll no longer see, but really resulted in them not getting an adequate apportionment. So the Ethiopias and the Rwandas, the Tanzanias that have done really well getting Global Fund resources, they've figured out how to write good proposals, they've done a pretty good job with implementation. Ethiopia's been particularly creative around using funds to build a community based health response that is probably a really good example for others to follow. You know those are good examples but in many ways because of the way we've been operating The Global Fund the last 10 years, those countries have almost been overfunded and I say that with caution because Ethiopia is still a desperately poor country and there's still need there. But proportionally to other countries they've done better than the Kenyas have and other countries so somehow The Global Fund going to have to figure out how to make this happen.

unfortunate that this happened in the context of taking money from one and potentially giving it to another which is the high draw could certainly appeared in the budget. As opposed to a more thoughtful expression of how do you make this mutual relationship smarter and to integrate better? And I think it's a testament to the fact that, Steve you put it well, we're struggling over a smaller pie and we have to do a better job around figuring out how to just convince policy makers and the citizens behind them that we can't fight these diseases when the resources that we need are dwindling, even as the opportunities sort of sit there waiting for a good, smart investment.

**JEN KATES:** Several of our questions were about that issue and with the budgets, I mean we went from a decade of this to now this and maybe a little bit of this, efficiency and how do you get that efficiency without affecting outcomes in a negative way? Steve you wanted to jump in on something?

**STEPHEN MORRISON:** Just on the Kenya question. The story that tells is quite different from Ethiopia right? I mean you have a split in dysfunctional government, you don't have a unitary vision as you have in Ethiopia with a very strong government putting 15-percent of its budget behind health in Ethiopia. Instead you have a split government that's

experience from Ethiopia. And on the USG side, on the Global Health Initiative in Kenya, the mission there acquitted itself very, very well in terms of stretching and integrating and taking it's PEPFAR program and building in new objectives around maternal and child health and greater integration. But it was oversubscribed relative to the HIV/AIDS burden in that country and so it's taking - and it had a huge pipeline for a bunch of reasons. And so the scale down of the PEPFAR program in Kenya is the largest of any country but there's a scale down going on in Ethiopia too which is significant. But it's in a different context, you're not having the same kind of smart and integrated process that you can identify in either, you don't see that yet in the Kenya context.

**JOANNE CARTER:** Just another key step I think to kind of get to this sort of smart - like how we're working together but also how are we identifying the demand and the opportunities that are there, as well as the sort of overlaps or inefficiencies? But also the demand and opportunities and seeing - because you know again Todd, you started out in a really powerful way talking about what the data show us, what the new tools are and so there's a sort of you know, challenges of making sure the different donors and the governments work together. That the government does its fair share, that we're



opportunities. Like with the new TB tools for the first time ever you know, in a hundred years and you know the data on HIV. So one of the things that came out of the Board Meeting in Ghana and then was reiterated again in May was the need and the value to do these kind of real needs assessments at country levels especially for highest - at least to start with the highest burdened countries. And say like what's already there, what's everybody doing, the country and the donors? Like what smartly needs to happen for epidemics but also like what are the opportunities? And I think we have to not only kind of look to where we find efficiencies, we absolutely have to do that but we have to figure out some way to identify and put in queue the actually opportunities and demands that are there. Because I am absolutely not pessimistic that - I mean I get where we are at this political moment, but I actually see given the successes, there's almost nothing we're investing in that's having more success that we can't actually scale up resources. But we're not going to be able to do that if we don't actually you know, make sure the demand is really smart but then queue it up and be able to show the world actually what's needed and what a smart plan would like and leverage increased country investment you know, from the countries themselves.

I mean we also have this moment when some of the G20

think that there's sort other trends that are happening that could allow things - and just in the context in that too, I think we need to be smart about how do we keep The Global Fund global while at the same time focusing resources on the highest burden countries.

**JEN KATES:** I think it's interesting that if you think about it The Global Fund is now looking a priority set of highest need countries to put most of its energy, and PEPFAR's also kind of going back a little bit in that direction. We had focus countries in PEPFAR I under President Bush and so the idea was let's expand but I think now it's - with budgets changing and also learning more it's how do you best match those things? You wanted to say something, yes?

**SHEPHERD SMITH:** Just to maximize dollars and to guarantee sustainability I'd really like to see The Global Fund embrace the faith community much more than it has and that'll make a big difference.

**TODD SUMMERS:** I would really hope that we figure out how to make these smart investments. I think if you look at where The Global Fund is on a regional basis in proportion to disease burden, it's amazingly connected even though it's been a very passive instrument. The Global Fund is one of the most passive funding instruments ever so Ethiopia being

Global Fund taking technically sound proposals and just writing checks.

**JOANNE CARTER:** And a lot of ambition by the government.

**TODD SUMMERS:** And a lot of ambition by the Ethiopian government. But you know, the challenge is to figure out how do we look at the portfolio both regionally but within the region. So I think that regionally we're not far off, we don't have to move a lot of money out of Latin America and Eastern Europe in order to do the right thing by Southern, Eastern Africa, most of the money is already there. I think that within the region there are some anomalies, we have countries that have done really well by The Global Fund and some that have not done near well enough and those we have to figure out. And then even within the countries we have some work to do, in the Nigerias, it's a giant 140, 150 million people with a lot of different states and a lot of different disease burdens. We have to figure out kind of how to - even within those big countries, move the money more smartly. And then within the diseases you know, how much do you want to put into bed nets, how much into ACTs for treatment, how much into residual spraying to keep the mosquitoes away from homes? All those kinds of things, there's a balancing that needs to go on in a

Ultimately, coming up with that approach and making it fit the disease epidemic, the unique epidemic in each one of those countries is up to their governments. And we've got to turn the heat on to expect them to do a better job of developing smart strategies, putting their own money and political muscle on the table and then using the U.S. dollars either through multilateral or bilateral, to support that not to lead.

**JEN KATES:** You know we're actually running out of time so I think you're helping us move to sum some of this up or at least lay out some future thoughts and I want to turn to others on that too. You know it's interesting you were talking about the balancing that needs to happen and where you put your interventions and that can't happen in the absence of bilateral donors right? Because if PEPFAR or PMI are rebalancing their portfolios on interventions it has to be done in coordination. You know, thinking ahead a little bit near-term and far-term or mid-term, you know the International AIDS Conference is around the corner, closer than we all probably realize at this point. There's going to be a lot of eyes on the U.S. and is that an opportunity here to talk about some of this and the relationship? You know interestingly we poll the public on their views on global health and one of the things we asked in

bilaterally which allows more control, accountability and I guess measurement? Or go with others, contribute to the multilateral organizations which brings in others and leverages U.S. dollars? The U.S. - almost two-thirds support go with others which is interesting now, and we mentioned The Global Fund and we tested that so they support that concept. But translating that to Congress, translating that to the other actors is an ongoing issue. So just in the near-term if anyone wants to think about the conference coming up and then a little bit beyond you know, what can we think about in a couple of words, going forward? I'll start with Joanne.

**JOANNE CARTER:** You know I think one of the things I said before which is how do we get really the key actors, which are the countries - folks like PEPFAR, The Global Fund, PMI and others together really doing - like this is a moment of both you know, challenge but also like optimism about where the epidemics could go. I think if we sat down and really look at country level in these countries and see like what's possible and what's needed and what's already happening, like to sort of to move that forward through the AIDS Conference. I mean it's a bit of a technical thing but I think it also is an advocacy moment and an advocacy tool. Like let's figure that out because that will show us actually what's really possible. And

know, the doors are closed. You know challenges with that too especially when you talk about Eurozone, but I mean for instance France is talking now about a mini financial transaction tax and part of that could go to global health. So you know I think we have to think creatively also about what are ways forward as well as kind of straight budgets.

**STEPHEN MORRISON:** Thank you. For AIDS 2012 relative to The Global Fund, a couple of things. The Fund itself is not all that well understood among the broad American public. The conference allows a couple of things, it allows for the possibility of major leadership from Africa and other countries coming forward and talking about this to an American public that will listen and they will have credibility okay? That is very important. It's very important that the spirit and tone of this conference be one that is affirmative around the achievements that have been made through these investments and that those achievements are articulated and the vision looking forward in terms of what you were all saying about the science and the prospects for major gains. The conference is going to be beset by two contrary poles, one going to be this optimism and this hubris and hope around what can be done in the near term, the other is going to be the angst as Europe is melting down. And our own budget we're going to, in the middle of our

fully upon us and that that is going to pose questions. And you know to bring back to sort of the Fund itself, money is going to be a critical question looking forward about what money is possible and feasible, the politics around the place is going to be very fundamental around making sure that we are talking in the right terms about this and we don't get into squabbles with the French or others. And making sure that the next executive director is out there selected on a very clean process that is not an ugly squabble and which gets the right person up and running. We've seen how high impact Gabriel Jaramillo has been and we need the next person coming forward in a timely way to convince people around that. Thank you.

**JEN KATES:** Sure, so we're out time and I'm going to give you the last word Shepherd.

**SHEPHERD SMITH:** I think when you look at the history of the AIDS conferences they have been a platform for activists to demand more money and we really need to see a change I think in respect to an acknowledgement that we need to be smarter in what we do with our resources. Because it is going to be a tough few years ahead financially and that thinking of the AIDS community really needs to change and we all need to work together including the faith community, all right.

**JEN KATES:** All right, our time is up. I'd first like

with us. And to our audience, I'd like to thank all of you for your questions on our website [globalhealth.kff.org](http://globalhealth.kff.org), you'll find additional resources on today's In Focus and we encourage you to share the video and transcript with your own audiences. We also hope that you will join us for future webcasts of U.S. Global Health Policy: In Focus. I'm Jen Kates of the Kaiser Family Foundation, thank you.

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