



Report Regarding 2010 Activities

Aidspan

An independent watchdog of the Global Fund and publisher of "Global Fund Observer"

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Message from the Chair and the Executive Director

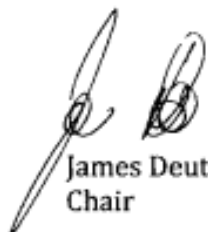
Since its founding in 2002, Aidspan has repeatedly bolstered the accountability, responsiveness and impact of the Global Fund to Fight AIDS, Tuberculosis and Malaria, the world's largest fund for health. In 2010, we set out to grow Aidspan into an organisation with a greater and more sustainable impact on the Global Fund's effectiveness. This report is part of that growth – a steppingstone towards the eventual publication in 2012 of our first public annual report – and provides highlights of our work during 2010.

Programmatically, we increased the frequency, breadth and depth of reporting of our flagship publication, *Global Fund Observer* (GFO). GFO published 139 articles in 2010 – more than double the 61 articles in 2009. Also in 2010, the Global Fund, recognising the usefulness of Aidspan's guides for grant applicants, invited us to provide direct inputs into its work on improving the application process.

Aidspan also grew in strength thanks to a number of organisational capacity-building initiatives. We welcomed exceptional new staff to our dedicated team, put in place a comprehensive monitoring and evaluation framework based on our 2010–13 strategic plan, and implemented new administration and finance systems, including an internationally compliant financial audit. These steps laid the foundation for Aidspan to act more efficiently and effectively, and for its work to have a wider reach.

None of Aidspan's achievements in 2010 would have been possible without the generous and stalwart support of our multi-year donors, The Monument Trust, the Norwegian Agency for Development Cooperation (Norad) and the Humanist Institute for Development Cooperation (Hivos). Thanks to their commitment to us, and collaboration with us, Aidspan entered 2011 stronger than ever before.

As the funding landscape to address AIDS, tuberculosis and malaria becomes ever more challenging, Aidspan's mission – to help ensure that every dollar granted to the Global Fund delivers the greatest possible benefit to people living with and at risk from these diseases – is more important than ever. With so much at stake, our donors' investments in Aidspan will, we believe, continue to yield disproportionate benefits for millions of people in need around the world.



James Deutsch
Chair



Bernard Rivers
Executive Director

Programmatic Work

Based-on the *Aidsan Strategic Plan 2010–2013*, Aidsan developed its 2010 work plan, as summarised here:

Programme area	Broad activities
A: Provide information, analysis and advice <u>Desired outcome:</u> More knowledge: Global Fund stakeholders have a better understanding of the Fund's policies and procedures, and they know more about what impact individual grants are achieving.	<div> A1 Gather and analyse Global Fund-related information A11: Research and critique the policies, actions, transparency, accountability and effectiveness of the Global Fund Secretariat and Board. A12: Research and critique the policies, actions, transparency, accountability and effectiveness of CCMs and the implementers of Global Fund grants </div> <div> A2 Disseminate information, analysis and advice in multiple languages A21: Publish <i>Global Fund Observer</i> (GFO) A22: Publish Guides and Reports A23: Provide implementer-country web pages A24: Send "significant event" email alerts A24: Provide donor-country web pages </div>
B: Facilitate discussion <u>Desired outcome:</u> Increased discussion: There is increased discussion by all Global Fund stakeholders regarding how to improve the Fund's policies and procedures and how to increase the impact of Global Fund grants.	<div> B1 Organise Round Tables and in-country workshops B11: Organise Round Tables B12: Provide or facilitate workshops at the global or country level </div> <div> B2 Host web-based discussion forums and CCM websites B21: Develop and set-up country & GFO web discussion forums B22: Develop and set up template for CCM websites </div> <div> B3 Mentor local watchdogs B31: Identify local watchdog institutions and individuals B32: Provide various forms of support to local watchdogs </div>
C: Push for increased Global Fund impact <u>Desired outcome:</u> Greater impact: The impact of Global Fund grants increases. More lives are saved.	<div> C1 Decide on which issues to push for increased Global Fund impact C11: Analyse the outputs of all activities under Programme Areas A and B, and based on this, decide regarding which issues it would be most useful for Aidsan to push for increased GF impact </div> <div> C2 Publish White Papers and GFO Commentary articles C21: Publish White Papers C22: Publish GFO Commentary articles </div> <div> C3 Privately interact with key actors C31: Find out what key actors think on certain key issues C32: Push key actors to take certain actions C33: Provide support to individual GF Board delegations </div>

Performance Against 2010 Targets

A detailed breakdown of Aidspan's 2010 targets, and its performance against those targets, is provided in an Appendix to this report, provided separately. Some highlights are discussed below.

Highlights

Towards “Aidspan 2.0”

From its founding in 2002, Aidspan functioned as an unconventional organisation, the realisation of its founder's vision. The founder first operated Aidspan as a one-person operation – albeit one with a fully engaged board of directors. By 2009, Aidspan had been joined by two staff members and two independent contractors.

In late 2009, with the support of its donors and the guidance of its board, Aidspan began its transition to “Aidspan 2.0” – a larger, more mature, and more efficient and effective organisation whose work would be guided by a long-range, four-year strategic plan and a short-range annual plan, and whose administrative procedures would be based on best practices.

Consequently, 2010 was a pivotal year in transitioning towards Aidspan 2.0. (We think of 2010 as “Aidspan 1.5.”) Below, we briefly highlight four success stories that we hope illustrate not only where Aidspan is going, but also how we're getting there.

Making headlines – providing information and analysis

In 2010, of the 139 articles published in *Global Fund Observer*, 13 dealt with the subject of corruption among Global Fund grant recipients.

It came as no surprise to GFO readers, then, when in January 2011, the Associated Press (AP) ran a report about the misuse of funds among Global Fund grant recipients. The AP piece was based entirely on data from Global Fund's Office of the Inspector General (OIG), information that was buried deep in the Global Fund's website. A firestorm of media coverage ensued, leading Sweden, Germany and Ireland to announce the suspension of their contributions to the Global Fund.

While it took the broad reach of AP's distribution network to bring the issue worldwide attention, Aidspan was the first to report on the OIG's findings regarding corruption, underlining Aidspan's critical role in holding the Global Fund and its grant recipients to account.

Going public – promoting transparency and effectiveness

In a May 2009 commentary,¹ GFO reported on difficulties that the Global Fund's board was encountering in deciding on who its next chairperson should be:

The primary cause of the difficulties ... reside[s] in one of the Fund's bylaws, which specifies that the Chair and Vice-Chair have to be elected not just by the board members, but from among the current board members. Thus, if a candidate is being considered who is not a board member, that person has to be made a board member for five minutes before they can then be elected Chair. And that, in turn, requires a current board member to stand down – which is not a trivial matter, when in many cases a board member represents multiple countries.

So [this week's board meeting] was a mess. Maybe there could have been an acceptable result if ... the Board had recognized ... that the bylaws are too restrictive and need to be changed.

At its December 2010 meeting, the Global Fund's board solved this problem, deciding that henceforth, any individual – not just existing board members – may be nominated for chair or vice-chair.

Presumably, Aidspan was not the only voice pushing for this change – but we were certainly the only one doing so publicly, underscoring our commitment to promote more open discussion within all levels of the Global Fund system, and to provide advice on how to improve the policies and procedures that govern it.

Lending a helping hand – facilitating access to grant applications

Over the years, Aidspan has published many editions of its guides for Global Fund grant applicants. These documents provided guidance on how to fill out the Global Fund's proposal forms.

In 2010, the Global Fund recognised Aidspan's expertise in this area. After Round 10 was completed, and in preparation for Round 11, the Global Fund asked Aidspan to critique the Round 10 proposal form and accompanying guidelines. Aidspan did so, and many of its comments were subsequently taken into account by the Global Fund, resulting in a more accessible grant application process.

¹ "A Board in Search of a Chair," *Global Fund Observer*, Issue 104, May 7, 2009. Available at www.aidspan.org/index.php?issue=104&article=2.

Monitoring, investigating and reporting – fulfilling our watchdog role

In June 2010, Aidspan came across a single sentence buried deep in a report by the Global Fund's Office of the Inspector General. It revealed that the Global Fund had put on hold nearly \$100 million² in potential disbursements to Zambia's Ministry of Health because of fraud within the ministry. We reported on this in GFO.³

Reuters, the news agency, picked-up the GFO story. Within two days, the Global Fund had issued a press release.⁴ Within a further three days, there were 14,000 news stories and related articles on the Internet.

Why had the Global Fund been silent on this matter for nearly a year?

We wrote a GFO commentary in which we said:

The Fund's handling of the Zambia case provides further confirmation of a suspicion that has long been forming in [our] mind, which is that the Fund is very reluctant to report, via press release or its website, any news that might worry a donor or that might embarrass the government of a country that receives Global Fund grants...

But the issue is bigger than that. The Fund is not only reluctant to report on its few "tough actions"; it has been reluctant, particularly during the past three years, to take those tough actions in the first place.⁵

An examination of the Global Fund's so-called "No Go" decisions illustrated the latter point. During the three years from mid-2004 to mid-2007, under its first executive director, the Global Fund denied 10 of 264 applications from Country Coordinating Mechanisms (CCMs) for "Phase 2 renewal" (that is, for funding to be extended for three more years after a grant's initial two years) by issuing a "No Go" decision. But during the following three years, from mid-2007 to mid-2010, under the Fund's second executive director, not a single "No Go" decision was issued for the 215 "Phase 2 renewal" applications received.

The GFO commentary in which we complained about this apparent lack of Global Fund commitment to performance-based funding was discussed at the highest level within the Fund. Then, during the following twelve months, the Fund made six "No Go" decisions, which suggests that Aidspan's constructive criticism had had an impact.

² All funds in U.S. dollars

³ "Disbursements to Zambia MoH Suspended Amid Allegations of Fraud," *Global Fund Observer*, Issue 126, June 14, 2010. Available at www.aidspan.org/index.php?issue=126&article=1.

⁴ "Global Fund confirms freeze on cash disbursements to Zambia's Ministry of Health, grants to be transferred to UNDP," *Global Fund to Fight AIDS, Tuberculosis and Malaria*, June 16, 2010. Available at www.bit.ly/mPd2jG.

⁵ "Is the Global Fund Living Up to Its Principles?" *Global Fund Observer*, Issue 127, June 24, 2010. Available at www.aidspan.org/index.php?issue=127&article=4.

Working with the grassroots – mentoring country-level watchdogs

In earlier years, Aidspan's work with people at the grassroots level was very hands-off; we published GFO and other materials, but we had little in the way of face-to-face dealings with the country-level users of those materials. In 2010, we started an ambitious programme to identify and mentor people and organisations who could serve, informally and on their own terms, as country-level watchdogs of Global Fund-related activities.

During 2010, we identified, and started to work with, over a dozen potential country-level watchdogs in Eastern Africa and Southern Africa; we also developed an information pack and a section of our website specifically for these watchdogs.

Our People

Staff⁶

Bernard Rivers, Executive Director⁷
 Wambui Munene, Finance and Administration Director
 David Garmaise, Acting Programme Director⁸
 Dr. David McCoy, Acting Research and Policy Director⁹
 Angela Kageni, Senior Programme Officer
 Charles Marwa, Senior Monitoring & Evaluation Officer
 Kelvin Kinyua, Senior Systems Officer
 Arnold Wafula, Senior Programme Officer
 Lois Njuguna, Administration Officer
 Joseph Musyimi, Office Assistant

Board of Directors¹⁰

James Deutsch, Chair
 Ida Hakizinka
 Michael Hirschberg
 Lucy Ng'ang'a
 Rakesh Rajani

⁶ All staff are citizens and residents of Kenya unless footnoted otherwise.

⁷ Citizen of the U.K., resident of Kenya.

⁸ Citizen of Canada, resident of Thailand.

⁹ Citizen of Malaysia, resident of the U.K.

¹⁰ Three board members are citizens and residents of countries in East Africa; two are citizens and residents of the U.S. In addition to the board members shown, the Executive Director serves in an ex officio capacity.

Financial Statements

Excerpts from Aidsplan's audited accounts for 2010, available upon request.

A: Income and Expenditure Account, \$ '000

	2009	2010
Income		
Grant income	584	899
Other income	16	1
Total income	601	900
Expenditure		
Programme expenditure	480	577
Administrative and other operating expenses	146	212
Total expenditure	626	789
Surplus/(deficit) for the year	(25)	111
Surplus brought forward	386	361
Surplus carried forward	361	473

B: Statement of Financial Position, \$ '000

	As at 31 December	
	2009	2010
FUND BALANCE		
Surplus	361	473
REPRESENTED BY		
Non-current assets	11	40
Current assets	409	467
Current liabilities	59	36
Net current assets	350	433
	361	473

C: Grants Received and Pledged, \$ '000

	Grants received		Firm pledges received		
	2009	2010	2011	2012	2013
The Monument Trust	165	600	500	400	-
Norad	-	231	330	288	288
Norway Foreign Ministry	277	-	-	-	-
Hivos	118	69	72	128	128
Open Society Institute	25	-	-	-	-
	584	899	902	816	416

D: Expenditure (budget and actual), 2010, \$ '000

	Budget	Actual
Expenditure	1,337	817
Programme	1,039	577
Programme-specific	763	423
Provide information, analysis & advice	419	203
Facilitate discussion	96	25
Push for increased GF impact	247	195
Cross-programme IT systems	130	93
Monitoring & Evaluation	121	62
Internal planning and monitoring	71	19
Board	50	42
Programme contingency	25	0
Admin	297	240
Admin staff and consultants	167	100
Operational costs	99	136
Rent and other fixed overhead	44	48
Office expenses	34	50
Invest in equipment/technology	21	38
Professional fees	24	5
Admin contingency	7	0

Notes:

1. Audited accounts do not show pledges (Table C) or budget figures (Table D).
2. Administrative expenditure totals differ between Tables A and D because Table D includes the full cost of the capital investment in equipment during the year, whereas Table A includes the depreciation and amortisation charge for all equipment over the year.
3. Actual expenditure during 2010 was below the budgeted level because donor commitments were received later than anticipated.