

BACKGROUND BRIEFING ON COUNTRY OWNERSHIP AND THE GLOBAL FUND

Introduction

The High Level Panel Report¹ (HLP Report) states that what sets the Global Fund apart from other international organizations is the emphasis on the participation of all stakeholders as equal partners in decision making with the understanding that this local control will instill local accountability for results. However the Report asserts that the way in which the Global Fund applies its philosophy of “country ownership” often results in a passive approach to grant management rendering the portfolio vulnerable and unduly exposed to risk. The HLP Report recommends that the Global Fund redefines its principle of “country ownership”.

The Global Fund Board and Secretariat have launched a collaborative process to redefine the principle of country ownership which underpins the work of the Global Fund. This process started with an interactive session with Board delegates in Accra, Ghana on 20 November 2011.

This background document outlines the prevailing definitions of country ownership as embodied in international declarations and consensus documents. Secondly it reviews the current interpretation of the Global Fund country ownership principle through its funding, governance and operational modalities.

Prevailing definitions and perspectives on country ownership

In the last decade, country ownership has been at the center of the paradigm shift in the provision of foreign aid. References to country ownership in development assistance literature are predominant in the aid effectiveness movement and cite concepts of national leadership, responsibility and participation. This movement gained momentum in 2002 at the International Conference on Financing for Development in Monterrey, Mexico, which established the **Monterrey Consensus**. This Consensus marked the genesis of a new development partnership based on a framework of mutual accountability between developed and developing countries to achieve real, measurable improvements in growth and poverty reduction.

In 2003, the Organization for Economic Co-operation and Development convened a High Level Forum on Harmonization. In the ensuing **Rome Declaration on Harmonization**, donor agencies made a commitment to work with developing countries to better coordinate and streamline their activities at country level based on the principle of country ownership and government leadership. This approach encapsulated capacity building, diverse aid modalities and broader engagement with civil society including the private sector.

Countries from around the world endorsed the **Paris Declaration on Aid Effectiveness** in 2005. The Paris Declaration states that country ownership will be achieved when “partner countries commit to exercise leadership in developing and implementing their national development strategies through broad consultative processes”, and when “donors commit to respect partner country leadership and help strengthen their capacity to exercise it”.² The Declaration emphasizes that donors commit to use country systems and procedures to the maximum extent possible. Where use of country systems is not feasible, donors commit to

¹ The Final Report of the High Level Independent Review Panel on Fiduciary Controls and Oversight Mechanisms of the Global Fund to Fight AIDS, Tuberculosis and Malaria; Turning the Page from Emergency to Sustainability, September 2011

² Organization for Economic Co-Operation and Development, The Paris Declaration on Aid Effectiveness, 2005

establishing additional safeguards and measures in ways that strengthen rather than undermine country ownership.

The Accra Agenda for Action, 2008, strongly endorsed the notion of country ownership as central to accelerating progress on aid effectiveness and broadening country level policy dialogue on development to include parliaments, civil society organizations, research institutes, media and private sector. Through the Accra Agenda for Action, developing countries and partners agreed to work together to strengthen the capacity of government and non-government organizations to ensure an informed engagement in policy dialogue and strengthened capacity to deliver the necessary services.³ Through the Accra Agenda, donors recommitted to using country systems as the first option for aid programs.

Country ownership remains one of the primary issues of focus with **the Fourth High Level Forum on Aids Effectiveness (HLF4)** scheduled to take place in Busan, South Korea from 29 November – 1 December 2011. In preparations for these discussions, civil society organizations (CSO) have developed the Siem Reap Consensus on the International Framework for CSO Development Effectiveness⁴. This Framework calls on development actors to focus on people's empowerment, democratic ownership and participation. In the fourth draft outcome document for the HLF4, the following shared principles for development have been proposed: Ownership of development priorities by developing countries and their citizens; inclusive partnerships; focus on results; and accountability to our citizens and to each other⁵.

The Global Fund and Country Ownership

Country ownership has been one of the core principles of the Global Fund since its creation. It was introduced by the Transitional Working Group (**TWG**) which designed the Global Fund model.⁶ It was later included as part of the Global Fund **Framework Document** approved by the First Board meeting in January 2002: "*The Fund will base its work on programs that reflect national ownership and respect country partnership led formulation and implementation processes*".⁷

The Framework Document also sets forth the importance of national multi-stakeholder ownership and accountability as described in the concept of the coordination mechanism at country level. "*The Fund will work with a country coordination and partnership mechanism that should include broad representation from Governments, civil society, multilateral and bilateral agencies and the private sector.*" While **Country Coordinating Mechanisms (CCM)** functioning and work are challenging and sometimes criticized, the 2011 HLP Report concludes that the most laudable "achievement of the CCM idea has been to provide a platform for various actors to work together. ... and brings Government, charitable groups, the private sector, donors, UN agencies, and affected populations to the same table in the service of a common cause has changed the nature of public discourse in many countries."⁸

³ 3rd High Level Forum on Aid Effectiveness, "Accra Agenda for Action, Accra, Ghana, 2008

⁴ http://www.cso-effectiveness.org/IMG/pdf/final_framework_for_cso_dev_eff_07_2011-3.pdf

⁵ OECD/DAC; Fourth Draft Outcome document for the Fourth High Level Forum on Aid Effectiveness, Busan, Korea, 29 November – 1 December 2011. DCD/DAC/EFF (2011)13 – issued 11 November 2011

⁶ Available at <http://www.theglobalfund.org/en/board/twg/>

⁷ www.theglobalfund.org/Documents/core/framework/Core_GlobalFund_Framework_en/

⁸ The Final Report of the High Level Independent Review Panel on Fiduciary Controls and Oversight Mechanisms of the Global Fund to Fight AIDS, Tuberculosis and Malaria; Turning the Page from Emergency to Sustainability, September 2011

Starting with the CCMs, the concept of country ownership has been integrated into the Global Fund at many levels – from funding modalities, to operational approaches, to governance mechanisms. The most fundamental aspect of country ownership at work is the way in which proposals are developed by CCMs and how the independent Technical Review Panel (TRP) makes its recommendations for funding. The **proposal development** and independent review process is unhindered and without any institutional influence, allowing national actors to define needs in line with self-defined priorities.

Another important aspect of country ownership at work is the equal role given to non-governmental actors in advancing the national disease responses. Through its policy of **dual track financing**, the Global Fund encourages routine inclusion of implementation by both country- based government and non-government implementers. It has been acknowledged that the Global Funds contribution towards building capacity outside the state sector has improved community participation in the governance of public health⁹.

The Global Fund Board has debated the use of **national systems** versus quality of services and value for money on many occasions. For example, as early as 2002, the Board agreed that national procurement systems should be the first option for grant implementation support. In 2007 when the Voluntary Pooled Procurement (VPP) and a Capacity Building Services/ Supply Chain Management Assistance service (CBS/SCMA) was created¹⁰, the Board recognized the importance of keeping pooled procurement voluntary, but building capacity where needed to create sustainable systems at country level.

In 2008 the Global Fund Board reaffirmed its commitment to the principles of alignment and harmonization – in particular to further alignment of the Global Fund with national strategies, systems, and structures, and further harmonization with the procedures of international partners, as a means to achieving increased impact¹¹. The **National Strategy Application (NSA)** approach¹² has been designed to further facilitate alignment of Global Fund financing with country priorities within the framework of a country's national strategy – such as the national HIV/AIDS, tuberculosis or malaria strategy.

In 2009, The Global Fund Board approved a **new grant architecture** which enhances support to a national program approach, allowing for improved alignment with national cycles and systems¹³. The transition towards the Single Stream of Funding (SSF)¹⁴ facilitates a move from the current fragmented mode of financing and performance management towards a more holistic program-based approach to managing the diseases. The periodic review component of the SSF approach harnesses valuable input from national program reviews and impact evaluations thus ensuring country based multi-stakeholder input to the Global Fund performance based funding decisions.

⁹ World Health Organization, Maximizing Positive Synergies Collaborative Group. An assessment of interactions between global health initiatives and country health systems. Lancet, 2009,

¹⁰ The Global Fund to Fight AIDS, Tuberculosis and Malaria, GF/B15/DP15, Fifteenth Board Meeting, April 2007. The VPP is a short-term strategy aimed at addressing key procurement-related bottlenecks and ensuring a cost effective and efficient procurement of core health commodities. The CBS/SCMA is the long term strategy, providing services for strengthening in-country procurement and supply management systems to Principle Recipients.

¹¹ The Global Fund To Fight AIDS, Tuberculosis and Malaria, 15th Board Report (GF/B16/2), Geneva 2007

¹² The NSA approach has been implemented through a phased roll-out, beginning in 2009 with a 'First Learning Wave' of limited scope. The Global Fund announced the Second Wave of NSAs in January 2011.

¹³ The Global Fund To Fight AIDS, Tuberculosis and Malaria, 20th Board Report (GF/B20/31), Ethiopia, 2009

¹⁴ At present the Global Fund Secretariat is transitioning countries to SSF on an optional basis through grant signings or at the time of Phase 2. Starting with Round 11, applicants will be required to submit a consolidated proposal, which will serve the basis moving forward for creating and maintaining SSFs.

~~The Global Fund policy on counterpart financing is yet another avenue in advancing country ownership of Global Fund grants. At its Twenty-Third meeting in May 2011, the Board adopted a new Eligibility, Counterpart Financing and Prioritization policy for all funding channels starting from 2011.¹⁵ This policy recognizes that financing of health care is a shared responsibility and it aims to better support aid objectives of additionality, financial sustainability, and country ownership. It defines, based on income level, the minimum that the government's contribution to the national disease program should reach, as a share of the total governments and Global Funds financing. It also requires that governments steadily increase in their contribution each year.¹⁶~~

In conclusion

The Global Fund is designed to allow countries to define their own priorities. Its model is meant to enable financing of interventions as identified by recipient countries rather than by donor priorities. Approximately ten years on since its creation, the Global Fund has had an undeniable impact on national health systems well beyond the battle against the three diseases.¹⁷ The Global Fund's inaugural decade was defined by an international emergency response to rising epidemics of HIV, TB and malaria in the developing world.

However the Global Fund is now evolving in an external environment of constrained funding accompanied by closer scrutiny of cost effectiveness and value for money. This is acknowledged in the draft 2012-2106 Strategy¹⁸ wherein the Global Fund aims build on its successes and race towards meeting the Millennium Development Goals. This new context calls for a reaching a common understanding of what country ownership means for the Global Fund at a policy and operational level in line with international agreements.

¹⁵ Decision Point GF/B23/DP23 available at http://www.theglobalfund.org/documents/board/23/BM23_DecisionPoints_Report_en/

¹⁶ Global Fund Information Note: Eligibility, Counterpart Financing and Prioritization (July 2011)

¹⁷ The Final Report of the High Level Independent Review Panel on Fiduciary Controls and Oversight Mechanisms of the Global Fund to Fight AIDS, Tuberculosis and Malaria; Turning the Page from Emergency to Sustainability, September 2011

¹⁸ The Global Fund to Fight AIDS, Tuberculosis and Malaria, The Global Fund Strategy 2012-2106: Investing for Impact; GF/PSC16/03, Geneva 2011