



Highlights of [GAO-05-639](#), a report to congressional committees

## Why GAO Did This Study

The Global Fund to Fight AIDS, Tuberculosis and Malaria—established as a private foundation in January 2002—is intended to rapidly disburse grants to recipients, including governments and nongovernmental organizations. The Global Fund has signed over 270 grant agreements and disbursed more than \$1 billion. Governments provide most of its funding; the United States has provided almost one-third of the \$3.7 billion the Global Fund has received. In May 2003, the President signed legislation directing the Comptroller General to monitor and evaluate Global Fund–supported projects. GAO reviewed grants that the Global Fund began disbursing before January 2004. This report (1) describes the Global Fund’s process for managing grants and disbursing funds, (2) identifies factors that have affected grant performance, (3) reviews the basis and documentation of performance-based funding, and (4) notes recent refinements of Global Fund processes.

## What GAO Recommends

GAO recommends that the U.S. Global AIDS Coordinator work with the Global Fund’s Board Chair and Executive Director to improve the basis for, and documentation of, the Global Fund’s funding decisions. The U.S. Departments of State and HHS, USAID, and the Executive Director of the Global Fund largely concurred with the report’s conclusions.

[www.gao.gov/cgi-bin/getrpt?GAO-05-639](http://www.gao.gov/cgi-bin/getrpt?GAO-05-639).

To view the full product, including the scope and methodology, click on the link above. For more information, contact David Gootnick at (202) 512-3149 ([gootnickd@gao.gov](mailto:gootnickd@gao.gov)).

## GLOBAL HEALTH

# The Global Fund to Fight AIDS, TB and Malaria Is Responding to Challenges but Needs Better Information and Documentation for Performance-Based Funding

## What GAO Found

Global Fund policy is to manage grants in a transparent and accountable manner, disbursing funds to recipients based on their demonstrated performance as measured against agreed-on targets. In implementing this performance-based funding system, Global Fund officials are to periodically assess whether the grant’s principal recipient has made sufficient progress to warrant its next disbursement. After 2 years, the Global Fund is to determine whether to continue funding the grant for an additional 3 years. In making an assessment, officials consider several information sources, including the recipient’s reports on its performance and expenditures and an independent agent’s verification of the recipient’s reports.

Recipient countries’ capacity to implement grants has been an underlying factor in grant performance, according to Global Fund and other knowledgeable officials. These officials, as well as principal recipients, also cited guidance, coordination, planning, and contracting and procurement as factors associated with challenges or successes in grant performance. For example, recipients in three countries reported that they could not meet their targets because they had not received national treatment guidelines. However, several grant recipients reported that, under certain circumstances, Global Fund guidance allowed them to quickly redirect funds, thereby enabling them to meet their targets.

GAO found problems associated with the information sources that the Global Fund uses in making performance-based funding decisions. For example, the limited monitoring and evaluation capabilities of many recipients raise questions about the accuracy of their reporting. Moreover, the Global Fund has not consistently documented its determinations that recipients’ performance warranted additional funding. For instance, the Global Fund’s documentation did not explain its decisions to disburse funds to some recipients who reported that they had met few targets. Further, the Global Fund does not track or publicly document denied disbursement requests.

The Global Fund is taking steps to address challenges to grant performance and improve the overall management of grants, including

- reorganizing and strengthening its staff;
- developing a risk assessment mechanism and early warning system to identify poorly performing grants;
- streamlining reporting and funding procedures;
- working with partners to strengthen recipient capacity; and
- clarifying certain guidance for the country coordinating mechanism—the entity in each country responsible for developing grant proposals, nominating grant recipients, monitoring grant implementation, and advising the Global Fund on the viability of grants for continued funding. However, the Global Fund has not clearly defined the role of these entities in overseeing grant implementation.