THESE CASE STUDIES are based on a series of interviews conducted in 2017 with government officials, Global Fund staff, and NGO staff and volunteers in Macedonia, Montenegro, and Serbia. Consultants Raminta Stuykite and Danielle Parsons conducted this research, and stakeholders from all three countries and the Global Fund provided input. This working paper was drafted by Raminta Stuykite and edited by Elizabeth Angell, with additional material and support from Ekaterina Lukicheva and Julia Greenberg of the Open Society Foundations Public Health Program.

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INTRODUCTION

This brief provides three case studies of the transition to domestic financing of HIV response in South Eastern Europe after the withdrawal of the Global Fund to Fight AIDS, Tuberculosis and Malaria. These case studies—of Macedonia, Montenegro, and Serbia—are intended as a resource for funders, advocates, and policymakers interested in supporting civil society-led efforts and partnerships with government to ensure the sustainability of services during and after transition.

THESE CASE STUDIES HIGHLIGHT the value of targeted donor support to civil society in countries anticipating or experiencing Global Fund exit. The Global Fund’s eligibility policy and allocation methodology does not allow for sustained funding to upper middle-income countries with a low disease burden, expecting instead that domestic governments will take over responsibility for funding HIV prevention and treatment services. However, many countries that lost Global Fund access under this eligibility policy did not plan and manage effectively for transition, and the resulting funding interruptions have threatened the sustainability of these services, especially those that focus on marginalized and at-risk populations.

In 2016, the Global Fund agreed to a Sustainability, Transition, and Co-financing Policy. The policy allows for extra time for governments and civil society to plan for Global Fund exit, and provides guidance (and in some cases, extended financing) for countries to plan well in advance how their programs will be funded and implemented once Global Fund resources are no longer available. It also emphasizes the particular vulnerabilities of prevention services run by and for key populations (like harm reduction services for people who use drugs, or programs for sex workers, men who have sex with men, and transgender communities) that are unlikely to be funded by national and local governments without sustained pressure and advocacy. Many countries had already lost Global Fund support or were in their final funding cycle by the time this policy was enacted, however, and have faced challenges during the transition process as a result.

Targeted donor support can play an important role in protecting the gains made with Global Fund investment: first, by addressing the resulting gap in services, and second, by enabling civil society to navigate the transition process and engage in effective budget advocacy. Several donors and civil society advocates have spoken about the need for some type of bridge funding for countries that became ineligible for Global Fund support before the Sustainability, Transition, and Co-Financing Policy was adopted. Some of these countries are now seeing service closures and rising HIV prevalence, leading to re-eligibility for Global Fund support in the cases of Montenegro and Serbia. In such circumstances, relatively small investments can have a tremendous impact—especially on small and concentrated epidemics like those found in South Eastern Europe. The following case studies from Macedonia, Montenegro, and Serbia illustrate three transition experiences that show how sustainability bridge funding could make a difference—and how its absence affects the success of the transition to domestic funding of HIV response.
CASE STUDY 1
Macedonia

BACKGROUND

Macedonia is an upper middle-income country with a population of 2 million and low HIV prevalence, where the burden of the HIV epidemic is largely concentrated among men who have sex with men (MSM) and male sex workers. Though the country has only logged a cumulative 340 HIV cases since the first diagnosis in 1987, there are currently 257 people living with HIV (PLHIV)\(^1\)—an almost 60 percent increase from 2015. The Global Fund has made significant and increasing investments in HIV in Macedonia since 2005, with three grants totaling $24.4 million to the Ministry of Health, the sole principal recipient.

Macedonia Used Global Fund Support To strengthen a multi-sectoral HIV response, including building a treatment system for PLHIV, introducing bio-behavioral surveillance, and scaling up opioid substitution therapy. Global Fund grants supported the development and delivery of complex packages of prevention services for key populations, with support to 15 NGO sub-recipients to build their capacity for service delivery. Needle and syringe exchange programs for people who inject drugs and services for sex workers, first established with support from the Open Society Foundations, were expanded. Other programs funded included counseling services and condom and lubricant distribution for other key populations. Outreach-based testing was introduced in early 2007, reaching a total of 773 clients by the end of its first year. By 2009, the program has been expanded throughout the country.

The large role of civil society sub-recipients in service delivery, combined with civil society participation in development and monitoring of the Global Fund grant through the formation of a Country Coordinating Mechanism (CCM), set in motion a strong partnership between civil society and the government, rooted in joint ownership of the national response. Global Fund support also led to an early and major increase in the government’s investment in HIV. The annual HIV expenditure by the Ministry of Health and National Insurance Fund increased from $195,000 in 2002-2003 to $1.45 million in 2008.\(^2,3\) Investment in direct non-care costs, primarily prevention, doubled from 2003 to 2008. Macedonia took over funding for opioid substitution therapy in 2009, and for anti-retroviral treatment (ART) in 2011.

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Macedonia saw significant gains in diagnosis and treatment during the period of Global Fund support. By the end of 2015, 80 percent of diagnosed PLHIV were receiving ART, and over 97 percent of those on ART were reported to have achieved viral suppression. Macedonia also developed a strong network of prevention services. Prior to the Global Fund’s entry, the country only had one needle exchange and opioid substitution therapy service, and only one service provider dedicated to sex workers. At the height of Global Fund support, Macedonia had 16 needle and syringe programs, 16 opioid substitution therapy centers, 10 stationary HIV testing and counseling centers, and 2 mobile testing outreach units. In addition, it had one outreach and two stationary clinics for diagnosis and treatment of sexually-transmitted infections among key populations. These services likely played a significant role in lowering the number of HIV cases seen among sex workers and people who inject drugs. However, even the highest degree of coverage still fell below recommended targets, with Global Fund-supported prevention services reaching 29 percent of people injecting drugs, 29 percent of sex workers, and 18 percent of MSM.

Transition Challenges

MACEDONIA LOST ELIGIBILITY for Global Fund support with the introduction of the New Funding Model and the 2014 eligibility criteria. The final funds from its Round 10 grant were supposed to be expended by June 2017; however, due to unexpended funds and political instability, a no-cost extension was expected to maintain service delivery through 2017. With this slightly extended time period for adjustment, Macedonia has engaged in transition planning to prepare for total domestic responsibility for HIV response. This process has taken place against a background of significant political instability, coming to a head in late 2016, after which the country remained without a functioning government for approximately six months.

Despite the efforts of civil society groups to sustain the gains and investments made, the transition process has seen a disruption in services. Despite considerable progress in approaching the UNAIDS 90-90-90 targets by 2015, Macedonia saw a concerning slide in progress in 2016. While HIV transmission continues to grow unchecked, enrollment on treatment is not keeping pace: by mid-2017, only 75 percent of the 255 people diagnosed with HIV were receiving treatment. Most of the NGO programming previously supported by the Global Fund was supposed to be included in the Ministry of Health budget during the no-cost extension period, but has actually been unfunded since July 2017 due to the lack of a functioning mechanism for contracting. The shortfall has resulted in the closure of at least one needle-syringe exchange thus far, and the departure of trained staff who are currently not being paid is likely to cause further service interruption. The NGO responsible for implementation of the community-based testing and counseling services has managed to sustain that work in the short term with small bridging funds from a pharmaceutical company. EGAL, an NGO providing services for MSM, closed two drop-in centers, including one that served a Roma-majority area.

In the context of unfolding funding interruptions, civil society groups mobilized to engage in the transition planning process. In 2014, 16 Macedonian civil society organizations united to establish a platform with the aim to advocate for sustainable financing of HIV programs. Despite limited financial support, the platform has initiated advocacy towards development of social contracting and pushed for a budget for services for key populations in the 2015 Annual Program on HIV.

In 2016, with a two-year grant from the Open Society Foundations, the platform has scaled up and strengthened its advocacy for a sustainable transition. The platform continued to work through the CCM, engaged directly with the Ministry of Health and members of parliament, and in 2016 organized protest actions to draw media attention to the issue when progress on the process was stalled. As a result of its advocacy efforts, the 2016 and 2017 program on HIV includes a budget for services for key populations, and the government is in the process of planning social contracting.

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Key informants, including ministerial employees, report strong confidence in the Ministry of Health’s commitment to maintaining the role of NGOs as key stakeholders in both decision-making and program governance.

Progress Toward Sustainability

CIVIL SOCIETY ENGAGEMENT played a key role in achieving first domestic commitments toward ownership of the response. The National HIV Strategy for 2017-2021 is built around maintaining service levels in the absence of external support; the plan is currently in the final stages of costing. Under the latest draft, up to 54 percent of the budget for the Annual Preventive Program for HIV for 2017 will go to civil society-led and key population-focused services. The transition plan was drafted and adopted by the CCM in December 2016. Both documents propose the development of an effective social contracting mechanism to assure these funds are disbursed to civil society implementers.

Political commitment to developing a national system for financing NGO-delivered services remains strong. As of late October, the Ministry of Health had signed contracts with 13 NGOs to cover services for the last quarter of 2017. Macedonia’s new government, just three months in the office, approved a revised budget for the annual HIV program for 2017, and for the first time the budget included specific lines for each of the key populations—people who inject drugs, sex workers, and MSM—instead of the lump sum previously allocated for all vulnerable populations. Immediately after that decision, the new Prime Minister met with HIV activists in August and announced the adoption of legally-binding government conclusions instructing the Ministry of Health to allocate roughly $1.6 million to the National HIV Program for 2018 to provide continuous ART, and sustain HIV prevention programs among key affected populations. A fourfold increase from the previous year’s budget commitment, this allocation will allow Macedonia to sustain HIV services at similar levels to those supported by the Global Fund.

Key informants, including ministerial employees, report strong confidence in the Ministry of Health’s commitment to maintaining the role of NGOs as key stakeholders in both decision-making and program governance. There are also efforts underway to revive and strengthen the National AIDS Commission as an oversight body, one that will include meaningful involvement of PLHIV and key populations. However, areas of uncertainty remain. The Global Fund extension and government co-financing should cover costs through the end of 2017, but the availability of sufficient funds in 2018 is dependent on state budgeting processes that are still underway. There are plans to develop a new contracting mechanism that includes quality assurance and accountability mechanisms, but in the meantime the government is relying on existing public procurement systems. It is not yet clear how the National AIDS Commission will achieve the same level of discussion and stakeholder engagement as the current CCM. Government sector informants report that more civil society advocacy will be needed to shape budgeting priorities, highlighting the need to support advocacy work. Finally, the low quality of current epidemiological data on Macedonia continues to create a risk of future budget shortfalls because there is insufficient information to make sure services and funding allocations are as effective as possible. This shortcoming also jeopardizes Macedonia’s chance of reaching global targets, as program planning is based on old data—a problem that may lead to additional challenges for programs focused on key populations, particularly MSM, in the coming years.
**CASE STUDY 2**

**MONTENEGRO**

**BACKGROUND**

Montenegro is an upper middle-income country with a population of 622,781 and low HIV prevalence. Its HIV epidemic is concentrated among key populations—men who have sex with men, sex workers, people who inject drugs, and prisoners. From 1989 to 2016, the country officially registered 288 diagnosed cases of HIV, 180 of which are people still living with HIV—although some estimates suggest the real number is more than twice that. Global Fund investment began in 2006, the year Montenegro obtained independence, with two HIV grants totaling $8.8 million.

**DURING THE NINE YEARS** of Global Fund investment, Montenegro made substantial progress in developing its HIV response. The first grant prioritized improving surveillance mechanisms, providing prevention services, encouraging behavior change in key populations, and strengthening services for PLHIV. It provided 57 percent of the funding for the 2005-2009 national response plan, with 37 percent of total spending allocated to key populations. Global Fund support helped Montenegro establish needle/syringe exchange points and pilot projects for sex workers and MSM, provide opioid substitution therapy to increased numbers of people, and open new centers for HIV testing and counseling. As a result, people living with HIV no longer had to go to Belgrade in Serbia in order to initiate treatment. Montenegro expanded ART and increased laboratory capacity for HIV monitoring tests. In addition, prevention programming was significantly expanded, reaching more key populations through the active participation of NGOs in service delivery.

Outreach-based programming delivered by NGOs was complemented by drop-in centers with peer education. At peak capacity under Global Fund support, NGO-delivered preventative services covered a total of 328 sex workers, 479 MSM, 1,549 people who inject drugs, and 4,086 Roma youth.

Montenegro’s government response grew in both scope and capacity during this period. Global Fund support helped to build a culture of cooperation between government institutions, particularly the Institute for Public Health, and NGOs working in HIV response. Two NGOs, Cazas and Juventas, have been particularly prominent, with Cazas serving in a main sub-recipient role for the Round 9 Global Fund grant, and both organizations supported by various external donors to complement the national response. This relationship is underscored in policy in the 2015-2020 National AIDS Strategy, in which the Montenegrin government committed to a “a multi-sectoral age, gender and

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diversity approach to HIV, involving all partners at all levels within public, private and non-profit sectors. 8

Montenegro also made significant improvements in HIV testing and counseling, largely due to the opening of new counseling and testing centers. These centers not only provide testing and access to services, but also help track the growth of the epidemic and burden among key populations. By December 2014, seven regional counselling centers, plus one in the Institute of Public Health, were serving over 1,300 people with HTC per year—a 29 percent increase over the previous year. These testing services accounted for 50 percent of all newly-diagnosed cases in 2014—a stark contrast to 2006, when Montenegro only had one testing and counseling center, which conducted just 157 tests that year. While epidemiological and bio-behavioral data on Montenegro still need further detail and validation, Global Fund support has allowed the country to describe risk behaviors among key populations and track changes in new cases and prevalence, both through annual testing statistics and designated surveillance efforts. This progress is critical for Montenegro’s ability to understand and respond to its HIV epidemic, and must be maintained.

**Transition Challenges**

**MONTENEGRO BECAME INELIGIBLE** for Global Fund support in 2014, and its remaining grant funds were expended by June 2015. This was one of the shortest windows for transition experienced by any country in South Eastern Europe, and it pre-dated the Sustainability, Transition and Co-Financing Policy. Montenegro had been encouraged to think about sustainability from the start of the second grant period, and during that time, the government took over responsibility for many of the expenses of the HIV response, including full funding for expanded ART, opioid substitution therapy, and center-based testing and counseling. Drawing on HIV prevention training for young people developed and implemented with Global Fund support, Montenegro integrated a healthy life-skills module in the national curriculum for high schools—a victory that required significant advocacy from civil society, as well as the active participation of the Institute of Public Health and the CCM. However, Montenegro has struggled to sustain other elements of its HIV response. Funding for HIV prevention has been insufficient, and the country lacks a sustainable mechanism for including civil society in the ongoing implementation of the national program. As a result, many of the achievements made with Global Fund support were disrupted, because NGOs were no longer providing the bulk of prevention services.

In the year following the termination of Global Fund support, NGO-led prevention services in Montenegro nearly collapsed. The last of the grant funds went to a one-year stock of prevention commodities like needles and condoms. Cazas and Juventas continued providing some services on a limited basis and in fewer locations, but with reduced scope and impact. For example, Juventas reports a 20 percent decrease in unique client reach of sex workers compared to 2016, and almost 50 percent decrease in unique client reach of MSM in the first half of 2017 compared to 2015. Lottery fund disbursements in 2016 provided a partial replacement covering about a third of previous Global Fund contributions for prevention work with MSM, and a quarter of that for prison-based prevention programs. Programs for sex workers received lottery funds for the first time in 2017, but at only 13 percent of previous amounts.

While government services fared better overall, Montenegro’s eight testing centers reported only 960 people tested in 2016—a 26 percent decrease from peak implementation under the Global Fund—with only 15 percent identifying as key populations. No integrated bio-behavior studies have been funded since 2014. Although epidemiological and bio-behavioral data for the direct impact of the funding reductions is not yet available, international data on service shortfalls for key populations, 9 coupled with 2014 data showing that infections among MSM were already rising, suggest that Global Fund withdrawal and the resulting cessation of NGO services took place during a resurgence of HIV among this group.

However, even after the end of direct Global Fund support, the CCM continued operations with Global Fund support to the CCM Secretariat. The Global Fund portfolio manager continued to actively support the national dialogue on HIV response. Montenegrin NGOs came together to conduct high-volume advocacy,
reaching out to the government, the Montenegrin public, embassies, and international bodies to raise their awareness of the challenges and engage more partners to help find solutions. For example, the European Union (EU) report on Montenegro from the 2016 review of the country’s accession process highlighted the lack of sustainability for HIV response. These dialogues laid the ground for a new commitment to secure HIV funding in the budget process. In mid-2016, the Montenegrin Parliament passed legislation to allocate €100,000 for NGOs “that provide services for support to people living with HIV/AIDS and affected populations”—a first in the region, in terms of its explicit commitment to funding NGO services to key populations. The same allocation has been included in the 2017 state budget.

Progress Toward Sustainability

MONTENEGRO HAS MADE PROGRESS on building domestic support for HIV funding. The country became re-eligible for a limited allocation of Global Fund support in the 2017-2019 period on the basis of its alarming 12.8 percent disease burden among MSM. As a result, the abovementioned government funding for NGO services to key populations will now be complemented by a €556,938 allocation from Global Fund for the next three years. The reintroduction of Global Fund support is not without risk: at a time when the political will for domestic funding of NGOs exists, adding external funding runs the risk of dampening domestic ownership and encouraging decision-makers to delay working on sustainability. The Global Fund Secretariat has introduced safeguards as a result, including the pre-requisite that the additional allocations must pass through a mechanism for government transfers to civil society implementers. Furthermore, the strict co-financing requirements of the 2017-2019 allocation period are being enforced as Montenegro develops its January 2018 funding request. NGOs from the HIV field have been actively engaged in larger dynamic dialogue between the Montenegrin government and civil society regarding a law adopted in June 2017 that should contribute to the sustainability of their activities. Previously, NGOs could only receive state funding via the Lottery Fund, but now 0.3 percent of the state budget is earmarked for NGO projects, an additional 0.1 percent is dedicated to protection of people with disabilities, and another 0.1 percent is allocated for co-funding EU-supported projects. This funding will be distributed by sector based on annual priorities defined within the sector.

The Open Society Foundations and the UN Development Programme (UNDP) are providing bridge funding to invest in the development of sustainable systems for HIV prevention and treatment support. With the support from the Open Society Foundations, Juventas and Cazas are working with the Ministry of Health on the development of a social contracting mechanism that would allow government financing of civil society-led prevention interventions. The Ministry of Health launched its first open public call for proposals for HIV prevention programs in November 2017, with €80,000 allocated for prevention services for key populations. Investments by the UNDP will help improve the legal framework for this funding mechanism, ensuring that the Ministry is operating in line with new country-wide requirements for sectoral reviews related to the financing of civil society. One aspect that still needs to be addressed is the barrier caused by current legislation that prevents NGOs from procuring health commodities.

These coordinated investments and technical support by external donors provide an example of how effective bridge funding can help build a sustainable system for a willing government to take responsibility for funding a comprehensive, multi-sectoral HIV response. However, Montenegro is not without cautionary lessons: while the prospects for sustainability look promising now, the country has experienced a real disruption in services since June 2015, with a significant impact on the lives of people living with or at risk for HIV. Earlier investment in bridge funding could have maintained service provision while sustainable systems were under development, addressing an increased infection rate and saving lives. Additionally, the funding interruption had an institutional impact on long-standing NGO implementers, particularly with respect to human resources and operational capacity—this impact is hard to quantify, but likely considerable. Finally, even with the reintroduction of funding for service delivery, the critical role these organizations have played in advocacy over the last decade remains at risk, since external funding opportunities are uncertain and the use of domestic government funding for advocacy risks significant conflicts of interest. There is also a need to diversify funding so NGOs are not dependent on a single source of support.

CASE STUDY 3
SERBIA

BACKGROUND

Serbia is an upper middle-income country with a population of 7 million and low HIV prevalence. In 2016, there were approximately 2,700 people living with HIV. The epidemic burden is now concentrated among men who have sex with men, while HIV control has been successful among people who inject drugs. Building on Serbia’s initial HIV response, which included the early introduction of ART and the establishment of the first national committee on AIDS in 2001, the Global Fund invested nearly $31 million for HIV in Serbia from 2002 to 2014.

SERBIA’S EPIDEMIC IN THE 1980S AND 1990S
was largely driven by injecting drug use, in contrast to other countries in South Eastern Europe. Global Fund support played a key role in reversing the epidemic among people who inject drugs: the prevalence rate dropped from 70 percent in 1991 to 5 percent in 2008, and then to 3 percent in 2013. However, harm reduction services coverage was still below recommended levels in 2013, when direct coverage reached up to one third of the estimated 20,000 people who inject drugs. Needle exchange programming covered approximately 4,300 people who inject drugs, and opioid substitution therapy reached 2,600. Global Fund grants to Serbia supported the development of a vibrant network of NGO-managed drop-in centers with outreach to key populations such as people who inject drugs, sex workers, MSM, and Roma, and funded service delivery through this network. During the period of Global Fund support, Serbia expanded opioid substitution therapy to 29 sites across the country and also began providing it in prisons.

In the final years of Global Fund support, grant making concentrated further on funding NGOs to deliver treatment support and prevention among key and other vulnerable populations. Twenty-seven NGOs received around $1 million per year, corresponding to 40 percent of the last HIV grant. Of this annual total amount, $129,000 went to services for people who inject drugs, and $280,000 each to services targeting MSM and sex workers, respectively. Opioid substitution therapy among people who inject drugs was an exception, however, as it was and continues to be implemented by health system institutions rather than NGOs.

Serbia has been successful at sustaining low HIV prevalence among sex workers, but not among MSM. At the end of Global Fund support in 2014, preliminary results of new surveillance showed that the HIV rate, successfully reduced in 2010, had bounced back to 2008 levels, once again surpassing the WHO-defined boundary of 5 percent in this population for defining a concentrated epidemic. This increase would have made Serbia eligible for additional Global Fund grants in 2015, but the results were announced in the middle of the Global Fund’s three-year allocation period, making it impossible for the country to receive support within that time frame.

### Transition Challenges

**Serbia became ineligible** for Global Fund support in 2014, and the last grant funding ended in September of that year. The cessation of Global Fund investment came at the worst possible time for Serbia: in the spring of 2014, the country had been devastated by major flooding that shook its economy. Disaster response and relief efforts required Serbia to re-direct major national resources to the task, as well as EU support that was previously allocated to reforms to help Serbia meet EU standards in governance, the rule of law, and similar areas. As a result, NGO services among key populations collapsed during the more than two-year break in international support that followed Global Fund withdrawal from Serbia. HIV rates increased from 2014 to 2015, with MSM accounting for 73 percent of new infections. There have been no updated bio-behavioral studies since 2013.

Serbia’s transition was further hampered by already-existing weaknesses. In December 2013, the Global Fund informed Youth of Jazas, an NGO that was one of the two principal recipients, that its contract would be terminated due to failure to comply with Article 21 of the standard terms and conditions regarding code of conduct for suppliers. As a result, Youth of Jazas had to halt its management functions and hand over its portfolio to the other principal recipient, the Ministry of Health. Half a year before the closure of the grant, an advisor working for the Minister of Health (both of whom have since left office) triggered changes to the status of the CCM. The new version no longer met Global Fund criteria for a CCM and therefore did not receive recognition from the Fund. According to UNDP, the CCM has not been operational since 2014.

The CCM and the two principal recipients sought to lay the groundwork for sustainability. In September 2014, just before the closure of the grant, the Ministry of Health organized a consensus conference that affirmed the importance of continuing services among key populations—including harm reduction, drop-in centers and mobile units, voluntary testing, and treatment support. Unfortunately, soon after, the transition process was blocked and all the efforts were lost. The National AIDS Strategy expired in 2015 and was not extended. However, government funding for HIV response did not disappear. The Serbian government began funding ART before Global Fund investment, and as of 2016, it was covering ART for 1,400 patients. The government also took over funding for opioid substitution therapy, which had largely depended on the Global Fund support, and actually increased coverage from the reported 2,460 patients and 143 prisoners in 2013 to more than 4,000 patients in 2015. The government also funds voluntary testing and counseling, which reportedly intensified among MSM in 2015. In 2015, Serbia spent €8 million on ART and €1.2 million on opioid substitution therapy. Local and regional authorities provided an additional €60,700 for NGO projects in the HIV field.

The transition led to the collapse of both NGO-led services, and a coherent dialogue among HIV stakeholders around HIV. Funding support to NGOs

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16. EHRN 2015.

17. Interview with NGO Prevent and email from the Global Fund Portfolio Manager Tsovinar Sakanyan, February 2017.


19. Please note that the EHRN report gives a different estimate of the population of people who inject drugs: 30,000, or 10,000 more than in the country’s 2016 report to UNAIDS.

20. EHRN 2015.

21. Conflicting information on the current status and government support is provided in UNDP analysis, largely fed by government and local authority officials, and NGO interviewed for this case study.
has declined steeply: the UNDP estimates that of the average annual HIV grant budget available to NGOs in 2013-2014, only 6 percent was replaced by domestic sources in 2015.\textsuperscript{22} Services for key populations, including people who inject drugs, sex workers and MSM/LGBT communities, were particularly hard hit. None operate in Belgrade, the country’s capital and largest city. A drop-in center for people who inject drugs in Novi Sad, the second-largest city, is supported by a municipal grant of just €2000—far less than the €30,000 needed—and is basically maintained by volunteers, who need to find ways to bring needles and condoms from services in nearby countries where supplies remain available because of Global Fund support. A drop-in center for sex workers run by the same NGO received a two-year grant of €100,000 from a Roma-focused EU project, as most of their clients are Roma. According to the UNDP, community-based groups continue to provide some MSM and sex worker services in several other towns and cities with small amounts of support from municipal and local governments.\textsuperscript{23}

\section*{Progress Toward Sustainability}

\textbf{AS A RESULT OF THESE SETBACKS} Serbia is now again eligible for Global Fund support in the new allocation period of 2017-2019, due to the rise in disease burden among MSM. However, the amount allocated is only $1 million—roughly twice the amount allocated to Montenegro, but for a country ten times the size—which is not sufficient to cover the need. Moreover, Serbia will need additional time and support to meet pre-conditions of renewed Global Fund investment, namely to re-establish the CCM or a national AIDS council, and to prove social contracting is operational. The national stakeholders still have not agreed on a governance body, and it is uncertain whether the national board on HIV and TB will meet Global Fund criteria. NGOs are seeking a CCM with greater NGO representation, while the Institute of Public Health’s vision of a national council may differ. The plans for a social contracting mechanism are unclear, and there has been little discussion about how to rebuild the network of services reaching key populations.

However, there are also some positive signs that may help lay the groundwork for progress toward sustainability. There is solid government support for funding ART treatment and opioid substitution therapy, and a relatively strong Institute of Public Health. Other sources of external funding may be available—for example, EU funds for Roma programming may be able to support some HIV services. And there are new opportunities and increasing capacity for action on drug policy. In 2016, NGOs began to re-engage in advocacy for policy reform and investment to the currently unfunded national drug strategy. The Drug Policy Network for South-East Europe established its regional office in Serbia, and is working together with local NGOs to campaign for decriminalization, including changes to the Criminal Law and the Law on Psychoactive Controlled Substances, and to pursue funding for needle exchanges. A recently established national Office for Combating Drugs is currently signing memoranda of understanding with civil society organizations and may provide opportunities for engagement. Other positive steps include the establishment of the new National AIDS, TB, and Hepatitis Council in accordance with Global Fund criteria, which will take on the role of the CCM, and the development of a new National AIDS Strategy, the first draft of which is expected by the end of November 2017.

Serbia’s limited sustainability planning and the absence of external support during transition have left many gaps that could be remedied by sustainability bridge funding. Key areas that would benefit from grants are technical support for social contracting mechanisms in the Ministry of Health (and improvement of those already existing in the Ministry of Labor, Employment, Veteran and Social Affairs and the Ministry of Youth and Sports), including the process of identifying future funding sources for key populations; efforts to ensure the new CCM can function sustainably after external support ends; immediate bridging funds to re-establish drop-in centers and other services for key populations in several cities; and assistance to NGOs to develop their capacity for coordination and budget advocacy and monitoring.

\footnotesize{22. UNDP 2016.  
23. Ibid.}
CONCLUSION

Transition after Global Fund withdrawal has presented a number of challenges for upper middle-income countries in South Eastern Europe—above all, the difficulty of sustaining service delivery to key populations, and ensuring civil society inclusion in the development of sustainable systems for national HIV response. All three countries experienced budget shortfalls and service interruptions. The impact on frontline NGOs engaged in service delivery was particularly severe: funding cuts and uncertainty about future funding streams led not only to suspension of services, but to a loss of human resources and institutional capacity due to the attrition of experienced staff and volunteers.

As the cases of Macedonia and Montenegro demonstrate, active civil society engagement can mitigate some of the pitfalls of the transition process by creating political pressure for domestic funding and building networks to facilitate cooperation with government and donor stakeholders. The progress underway in both Macedonia and Montenegro shows how sustainability bridge funding can make a difference just by keeping NGO-delivered services available and supporting civil society’s capacity to play an active role in the transition process. The challenges both countries are still facing suggest that technical assistance for social contracting should also be a key target for bridge funding support. Conversely, the absence of any significant bridge funding in Serbia has made the effects of an already difficult transition process even more apparent.

Sustainability bridge funding offers an opportunity for bilateral donors and private foundations to work together with the Global Fund to address these challenges by providing time-bound grants to civil society organizations in countries no longer eligible for Global Fund support or about to transition. These grants would equip them to protect the investments and gains made during the period of Global Fund support, and advocate for domestic government commitments to HIV response. Sustainability bridge funding could include funding to:

- Support ongoing exemplary programming that governments are unwilling or unable to fund;
- Re-establish services that have lapsed (e.g., harm reduction or peer-led service outreach programs for key populations) to prevent disease resurgence and demonstrate to national and local governments the value of these services;
- Support joint government/civil society action to establish legal and regulatory provisions for domestic financing of those HIV and TB services that are run by community or NGOs;
- Assist NGOs and civil society networks to advocate for price reduction for medicines through pooled procurement mechanisms and use of TRIPS flexibilities;
- Promote continued inclusive planning, governance, and accountability models for TB, malaria and HIV programs as embodied in the Global Fund’s country-coordinating mechanism approach; and
- Support community and civil society-led efforts to monitor and analyze government expenditures on health, and generate evidence to use in advocacy for budgetary commitments and delivery.

The transition experiences of Macedonia, Montenegro, and Serbia offer clear lessons about the importance of investing in civil society to ensure the sustainability of domestic financing for HIV response. If external donors commit to providing sustainability bridge grants to other countries facing Global Fund withdrawal, it may be possible to reverse the emerging trend of countries falling back into eligibility due to increased disease burden.
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