

GLOBAL FUND OBSERVER (GFO), an independent newsletter about the Global Fund provided by Aidspace to nearly 10,000 subscribers.

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The Fund has terminated two HIV grants to Nigeria because of inadequate performance. At the Board meeting last week, no board members spoke up in defence of Nigeria's handling of the grants. One of the grants was supposed to have 14,000 people on ARV treatment by the end of the first year, but the actual number was zero. The termination will cost the country \$81 million in lost grant income.

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CCMs considering applying to the Fund in Round 6 are advised to begin preparatory work right away. Many conditions have to be met that CCMs may not yet have dealt with.

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1. NEWS: Global Fund Launches Round 6
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The Global Fund Board has agreed to launch Round 6, despite the very real possibility that there will not be enough money to fund all the proposals submitted that are worthy of approval. The decision was made at a board meeting that took place on Thursday and Friday.

The Fund will issue its Round 6 "Call for Proposals" some time during May. At that time, the Round 6 *Proposal Form* and its accompanying *Guidelines for Proposals* will be published at the Fund's website. Applicants will then have until August 3 to download these documents and complete and submit their proposals. The Technical Review Panel (TRP) will then review the proposals and make its recommendations to the board. The final decision as to which Round 6 proposals to approve will be made at the next board meeting on November 1-3.

The Board issued an urgent appeal to current and potential donors to expedite and increase their pledges for 2006 and 2007 so that Round 6 can be adequately funded.

As contributions and pledges to the Fund currently stand, there is no money at all for Round 6. This is because all current commitments to the Fund are required to cover Phase 2 renewals of grants that were approved in earlier rounds. Thus, the amount of money that will be available for Round 6 will depend entirely upon the extent to which new pledges for 2006 and the first part of 2007 are received from donors to the Fund between now and November. Estimates presented by the Secretariat at the

board meeting showed a range of assumptions for new pledges that could lead to between \$200 million and a little less than \$600 million being available for the first two years of Round 6 grants. (The cost of the first two years of earlier rounds ranged from \$576 m. to \$1,014 m. In those rounds, no grant that was deemed worthy of approval was turned down because of shortages of money.)

A month ago, the chances seemed low that this board meeting would agree to launch Round 6. But over the past two weeks, certain board members, particularly those representing NGOs, initiated an active discussion on the subject. The USA and Japan would have preferred to delay launching Round 6 until at least November, but the tide started to turn when the UK let it be known that it was fully committed to Round 6. At the board meeting, the resolution to launch Round 6 was proposed by the board member representing West and Central Africa, and was seconded by the board member representing the UK and Australia. No votes were cast against the resolution.

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2. NEWS: Global Fund Terminates Nigeria HIV Grants for Inadequate Performance

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In a dramatic development, the Global Fund has terminated two HIV grants to Nigeria on the grounds that their performance has been inadequate. This action was recommended a few months ago by the Fund's Secretariat, but at first, when discussing the matter by email, some board members dissented. However, by the time the issue reached the Board meeting last week, no board members spoke up in defence of Nigeria's handling of the grants, and the decision to terminate the grants passed easily.

Because all grants are supposed to be "performance-based", the Fund theoretically has the right to terminate grants at any stage; but the most likely point for such action is when, towards the end of Phase 1 (Years 1-2), the Fund assesses grants for "Phase 2 Renewal" (covering Years 3-5). Prior to the decision about the two Nigerian grants, the Fund had issued what it calls a "No Go" decision for only three out of 130 grants. These were a Senegal malaria grant, a South Africa HIV/TB prevention grant, and just last month, a Pakistan malaria grant.

The two terminated Nigerian grants were a Round 1 grant providing ARV treatment, and a Round 1 grant providing PMTCT (Prevention of Mother to Child Transmission) services. The amount of funding that Nigeria will not receive as a result of these grants being denied Phase 2 funding is \$81 million.

According to documentation provided by the Secretariat to Board members:

- Nigeria's ARV grant was supposed to have 14,000 people on treatment by the end of the fourth quarter, but the actual number was zero. And it was supposed to have 24,000 on treatment by the end of the seventh quarter, but the actual number was 6,865.
- Multiple other targets have not been met.
- Funds have been spent at a much lower rate than they should have been.
- Questionable data has been provided to the Fund by the Principal Recipient, NACA (National Action Committee on AIDS) – in particular, at one point, numbers of people that the PR reported as being on treatment turned out instead to be numbers of people who could have been treated if all the drugs sent to health facilities had been used.
- Funds have been spent on inappropriate activities – for instance, \$50,000 was spent to send fourteen people on information missions to Botswana at a time when the grant was not performing.
- The CCM rated these grants as "B1: Adequate" when this clearly was not the case. The CCM failed to acknowledge or report many of the problems.
- Promised CCM reforms have not taken place.

The people who are currently receiving ARV treatment under these grants will, despite the termination, continue to have their treatment financed by the Fund for up to two years while alternative options are pursued. Furthermore, Nigeria was approved for a major ARV grant in Round 5 that will be administered by a different PR once the grant agreement is signed.

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3. NEWS: Main Decisions Made at Global Fund Board Meeting

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Key decisions made by the Global Fund Board at the meeting that ended on Friday were as follows.

1. **New Executive Director:** In light of the recent announcement by Dr. Richard Feachem, the Fund's Executive Director, that he will not apply to have his contract renewed, the Board agreed on procedures for choosing a new Executive Director, as follows:
 - An Executive Director Nomination Committee will be set up. Its members will be the Fund's Chair and Vice-Chair (from Barbados and the European Commission, respectively), three additional board members representing the donor group (from Denmark, UK, and USA) and three additional board members representing the recipient group (from Cameroon, China, and Developed Country NGOs).
 - The Nomination Committee will follow a board-approved action plan and board-approved selection criteria to come up with five candidates to present to the board, which will then choose one of these for the job.
 - The new Executive Director will be selected based on merit, in a non-political, open and competitive manner.
 - It is hoped that the new Executive Director will take office by January 2007. But in case that does not prove possible, Dr. Feachem's current contract has been extended to the end of March 2007. Dr. Feachem will leave his job once the Chair and Vice Chair agree that his successor is ready to take over the job. (This allows for the possibility of an overlap.)
 - The new Executive Director will serve for an initial term of four years, renewable for not more than one additional term of three years. He/she will be required to work according to new board-approved Terms of Reference, and will be assessed according to new board-approved Key Performance Indicators.
2. **Current Executive Director:** The Board will set up a Performance Assessment Committee to assess the current Executive Director's performance in 2005 and 2006.
3. **Secretariat investigation:** The Board concluded that the Secretariat leadership has acted proactively and seriously to deal with the issues that were identified in the recent investigation of the Secretariat by the WHO Office of Internal Oversight Services.
4. **Inspector General:** The Board increased the 2006 budget for the Fund's new Office of the Inspector General from \$0.8 million to \$2.0 million.
5. **Comprehensive Funding Policy:** The Board modified the Fund's Comprehensive Funding Policy to state that grants can be approved up to the amount of money that is expected to be available at the time that grant agreements will be signed, rather than just the amount of money that is expected to be available at the end of the year in which the grants are approved. (This has a particular impact when grant approvals take place near the end of the year, as will be the case with Round 6.)
6. **Resource mobilization:** The Board adopted a Resource Mobilization Framework as developed by the Finance and Audit Committee.
7. **Procurement:** The Board agreed in principle that the Fund should "facilitate the provision of voluntary pooled procurement for recipients of grants".
8. **Strategy:** The Board approved progress thus far on a major strategy-development exercise that is being conducted by the Board's Policy and Strategy Committee.

9. **Technical Review Panel (TRP):** The Board agreed that:
- The "TRP clarification" and "LFA assessment" exercises that in the past have taken place after the board approves a proposal will now commence as soon as the TRP has recommended a proposal for approval. This will slightly reduce the lengthy period between a proposal being submitted to the Fund and the grant agreement being signed.
 - A TRP member may serve as TRP Chair for no more than two rounds; but if he/she does serve as Chair, he/she may serve in the TRP for up to six rounds rather than the normal maximum of four rounds.
 - Dr. Blaise Genton will become a member of the TRP, and a number of other people will serve as TRP alternate members and TRP support group members.
10. **Continuity of Services:** The Board agreed that the Continuity of Services policy (which ensures that financial support from the Fund will not always stop as soon as a grant is terminated) will apply not just to lifelong treatments (as for ARVs), but also to limited-duration treatments (as for TB).
11. **Round 5 appeals:** The Board approved funding of four Round 5 appeals that had earlier been approved in principle but for which there was not at that time sufficient funding.
12. **Upper middle income countries:** The Board very slightly extended the range of "upper middle income" countries that are eligible to apply to the Fund (by including a few cases where the country counts as a small island economy), but did not go as far as some Board members wanted.
13. **Whistle-blowing policy:** The Board approved a policy to protect "whistle-blowers", both within the Secretariat and within recipient countries.
14. **Lobbying:** The Board approved a code of conduct intended to prevent inappropriate lobbying of board members and others who are involving in grant-making decisions.
15. **Round 6:** See separate article, above.
16. **Nigeria:** See separate article, above

The precise wording of the Board decisions is available at www.theglobalfund.org/en/about/board/thirteenth. Extensive background documentation will also soon be available at this location.

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4. ADVICE: Round 6 Applicants, Start Preparing Now

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[The following article represents information and advice from Aidspan, publisher of GFO, for CCMs that are planning to submit Round 6 applications to the Fund.]

When the Global Fund releases the Round 6 *Proposal Form and Guidelines for Proposals* some time in the next thirty days, a special issue of GFO will be sent out to announce the news. As soon as possible thereafter, Aidspan will release "*The Aidspan Guide to Round 6 Applications to the Global Fund.*" This will include a chapter on lessons learned from the TRP's comments on Round 3, 4 and 5 applications, and a chapter providing step-by-step advice for filling out the Round 6 application form. The new Guide will be announced in GFO.

However, CCMs considering applying in Round 6 are advised to begin preparatory work right away. They could, for instance, download Aidspan's Round 5 Guide from www.aidspan.org/guides; much that it says will be relevant to Round 6.

The Fund's *CCM Guidelines* require that CCMs (a) involve a broad range of stakeholders, both within and outside the CCM, in the proposal development process; (b) develop a transparent process to solicit and review submissions for possible integration into the CCM's Global Fund proposal; and (c) document that process. Any CCM that has not already developed and documented a process for proposal development should do so as soon as possible.

In its Round 5 *Guidelines for Proposals*, the Fund stated that CCMs are expected to disseminate all information related to the proposal process among domestic stakeholders – particularly NGOs – that are actively working on the diseases. The *Guidelines* state that the information to be disseminated should include:

- the timelines relevant to the Global Fund's Call for Proposals;
- how NGOs and other interested stakeholders can tender to the CCM a submission to be considered for inclusion in the CCM's proposal to the Global Fund; and
- the criteria upon which such submissions will be evaluated by the CCM.

The *Guidelines* also state that the proposal development process should allow all stakeholders enough time to provide input into the drafting of the proposal that the CCM will submit to the Fund.

Once the Round 6 Proposal Form is released by the Fund, CCMs will only have until the start of August to prepare their proposals. They will need most of that time just to fill out the Proposal Form, have it reviewed, and obtain all of the necessary signatures. Therefore, if they have not yet designed the projects that will form the basis of their proposal, or have not completed some of the other activities discussed above, they should start doing so urgently. The one thing that all applicants to the Fund have in common is insufficient time to do as thorough a job as they would like.

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END OF NEWSLETTER
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This is an issue of the GLOBAL FUND OBSERVER (GFO) NEWSLETTER.

GFO is an independent source of news, analysis and commentary about the Global Fund to Fight AIDS, TB and Malaria (www.theglobalfund.org). GFO is emailed to nearly 10,000 subscribers in 170 countries at least twelve times per year.

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