



Independent observer
of the Global Fund

SECRETARIAT AIMS TO FIX “STUCK” GRANTS

The Secretariat is making a special effort to fix what it calls “stuck grants.” These are grants to which no money has flowed within the first three months after signature of the grant agreement or, for more mature grants, to which no money has flowed within the last six months. This information is contained in the report prepared for the Board meeting in Geneva by General Manager Gabriel Jaramillo.

The Global Fund Secretariat calculates that currently 51 of the 519 active grants (about 10%) are stuck. Of the 51 grants, 34 have not received financing from the Global Fund for at least six months and 19 of these have had no financing for more than nine months.

Collectively, the 51 stuck grants have a total committed value of \$1.8 billion, which represents 13% of the total active portfolio. A total of \$681 million still remain to be disbursed to the stuck grants (18% of the total undisbursed funds for the whole portfolio).

Of the 51 stuck grants, 36% had received a rating of B2 or C at the time of their latest disbursement, compared to 21% for the whole portfolio.

The Global Fund said that the reasons why grants become stuck vary from country to country, but usually involve some combination of the following:

- protracted negotiations, usually during renewals, and sometimes because of consolidation and the necessity to align with other grants;
- delays in the clearance of conditions precedent, usually because of the delayed submission of the necessary documents by the PR (this is especially significant for new grants);
- issues related to limited capacity or the inability to use funding;
- force majeure;

- ongoing investigations by the OIG; and
- issues with the current local fund agent (LFA).

In addition, some grants categorized as “stuck,” have high cash balances (usually because the grants are soon to be closed) and, therefore, have no need for additional funds.

Mr Jaramillo said that the two main reasons for bottlenecks (protracted negotiations and conditions precedent) appear to be linked to the Secretariat’s model and processes. He said that this highlights the need for the Global Fund Secretariat to streamline the way it is working, and that this is being addressed in the Secretariat’s “Better Grants for Increased Impact” initiative.

To tackle stuck grants, the Grant Management Division has placed the grants on a “watch list.” For each grant on the list, the Division is analysing the problems and developing an action plan to fix the problems.

Mr Jaramillo said that the Secretariat’s efforts have already led to the resolution of twelve previously “stuck” grants, and that the Secretariat expects to resolve more than a third of the remaining stuck grants “shortly.” However, Mr Jaramillo also noted that the Secretariat has flagged another 26 grants that are potential future candidates for the watch list.

In addition, the Secretariat is developing a watch list of what it calls “slow” grants. These are grants that are receiving much smaller disbursements than expected.

The Report of the General Manager (Document GF-B27-02) is available at www.theglobalfund.org/en/board/meetings/twentyseventh.

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