



Independent observer
of the Global Fund

Board Decisions Regarding Proposals and Grants

1. Round 4 approved

The board approved all Round 4 grants that the TRP recommended. Full details on these are provided in GFO Issue 27, available at www.aidspace.org/gfo/archives/newsletter.

1. Round 5

The board asked the Secretariat to begin preparations for Round 5, in order to make it possible for a decision to be made at the November board meeting regarding when Round 5 might take place.

An analysis by GFO of data that was provided at the board meeting shows that as things currently stand, the Fund is unlikely to be able to afford a Round 5 before 2007. The table below assumes (a) that the amount of money raised by the Fund in each of 2005 and 2006 is the same as is expected to be raised in 2004; (b) that the Fund does not modify its Comprehensive Funding Policy; and (c) that there is no Round 5 during 2005 or 2006.

The Comprehensive Funding Policy requires that the Fund only signs grant agreements for Phase 1 (Years 1-2) or Phase 2 (Years 3-5) of grants if it has in the bank (or in promissory notes) the entire cost that the grant agreement will involve.

As shown in the table, these assumptions lead to the result that the Fund will have minus \$768 million available for new grants at the end of 2006. (It will have plenty of money in the bank, but all of that money will be required to cover grant agreements already signed.)

	US \$ million
--	---------------

	2002	2003	2004	2005	2006
Cost of Phase 1 (Years 1-2) of Rounds 1-4, incl. appeals	\$613	\$1,262	\$1,035	\$0	\$0
Cost of Phase 2 (Years 3-5) of Rounds 1-4	\$0	\$0	\$240	\$1,353	\$2,572
Operating expenses, less interest	\$3	\$4	\$33	\$29	\$39
Total cost of Rounds 1-4	\$616	\$1,266	\$1,308	\$1,382	\$2,611
Funds raised, assuming 2005 and 2006 are same as is anticipated for 2004	\$946	\$927	\$1,513	\$1,513	\$1,513
Thus, spare funds at end of year	\$333	-\$6	\$199	\$330	-\$768

The board agreed that in future rounds, applications from Lower Middle Income and Upper Middle Income countries must show that specified percentages of the cost of the projects for which Global Fund support is being requested will be covered by the country out of domestic resources.

The board used the term “counterpart financing” to encompass all domestic resources (including contributions from governments, loans from external sources or private creditors, debt relief proceeds, and private contributions such as from nongovernmental organizations, faith-based organizations, other domestic partners, and user fees). The term does not include contributions of aid from bilateral and multilateral donors.

The board resolved that in future rounds, proposals from Lower Middle Income countries will only be considered if they demonstrate 10% counterpart financing in the first year of the project, rising to 20% by the fifth year. Proposals from Upper Middle Income countries will only be considered if they demonstrate 20% counterpart financing in the first year of the project, rising to 40% by the fifth year.

Most proposals received by the Fund come from Lower Income countries. These countries continue to have no counterpart financing requirements, as do Non-CCM proposals.

The board agreed on procedures that will be followed in the event that there is not enough money to pay for grant renewals.

The board agreed that the first priority will be to pay for unfunded portions of grants that were renewed in prior years; the second priority will be to pay for renewals due to take effect in the current year; and (as previously agreed) the third priority will be to pay for new proposal rounds.

The board agreed that for Round 3 and later, if a proposal is approved by the board but a grant agreement is not signed within a specified period of time, the approval of the proposal will be revoked.

The normal time from Board approval of a proposal to grant agreement signing is about 6 months. The board agreed that if a grant agreement for a Round 3 or later grant has not been signed by twelve months after Board approval, the proposal “should no longer be considered approved” unless the Board decides to allow a further exceptional time extension based on information received from the Secretariat and CCMs. This time extension will be limited to a maximum of 3 months, but that maximum may be reduced after more experience is gained.

Round 3 grants were approved by the board on 15 October 2003. At present, 21 Round 3 grant agreements have been signed, with 51 to go. Thus, the 51 latter grant agreements must be signed by 15 October 2004, 3.5 months from now, if the risk of the grant being cancelled is to be avoided.

The Board recognized the urgent need to allow grant recipients to change to new, more expensive

artemisinin-based combination therapy, following recommendations from the malaria experts on the TRP.

As an interim measure for 2004, the Board authorized the Secretariat to commit up to \$90 million for the projected costs of reprogramming 28 programs. This will be financed by utilizing resources from the Phase 2 renewal funding of these programs.

1. Eligibility
2. Grant renewals
3. Un-signed grant agreements
4. Increased cost of malaria grants

[Read More](#)
