



Independent observer  
of the Global Fund

## Phase 2 Grants

The process whereby the Secretariat and the Board decide which grants to approve for “Phase 2 renewal” (that is, for Years 3-5) during the second year of each grant has led in recent weeks to considerable friction. In particular, when the Secretariat recommended that an HIV grant to Honduras should not be renewed, many people lobbied board members to over-rule the Secretariat recommendation.

Arising from this and other aspects of the Phase 2 renewal process, the Board made several decisions:

First, when the Secretariat needs more than twenty months to formulate a recommendation, the Secretariat may extend the term of Phase 1 grant agreements by up to six months, so long as the total cost does not exceed the amount originally specified. (This does not impact the Honduras decision, where the Secretariat has already made a recommendation.)

Second, an ad-hoc task force will be set up to review the Phase 2 decision process and to submit to the September board meeting recommendations for improvement. The task force will have members taken from the Board, the Secretariat, the TRP, and the Technical Evaluation Reference Group.

Third, the Round 1 HIV grants to Honduras and Senegal, both of which had been recommended by the Secretariat for termination because of poor performance, will be referred back to their respective CCMs. In each case, the CCM will be informed of the reasons for concern, and will be given the opportunity to propose, within two months, how the problems will be addressed through a restructuring of the grant. The Secretariat will review that proposal for financial reasonableness. Then the TRP will review the proposal. If both the TRP and the Board agree to approve the revised proposal, the grant will be renewed. Otherwise, it will be terminated.

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