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GLOBAL FUND TO IMPLEMENT NEW FUNDING ARCHITECTURE

The Global Fund Board has decided to implement a new funding architecture in order to simplify processes for grant implementers. The centrepiece is the concept of a “single stream of funding” per PR per disease.

This article explains how the new funding architecture will work. It is based on Aidspan’s understanding of the decisions taken at the recent Board meeting in Addis Ababa, and of information contained in documents submitted to the Board for that meeting. The Global Fund Secretariat will be providing more information on the single stream of funding in the near future.

Under the “single stream of funding” concept, where there currently are multiple grants for the same PR for the same disease, the grants will be consolidated into a single grant. And, in future, if additional funding is approved for that PR and disease, that funding will be rolled into the same grant.

If a CCM submits a proposal and nominates a new PR (i.e., a PR that is not already implementing Global Fund grants for the same disease), and if the proposal is approved for funding, a new grant will be signed with that PR – but thereafter, any additional funding approved for that PR and disease will become part of that same grant.

There will continue to be rounds of funding, similar to the current rounds-based channel, and there will continue to be national strategy applications (NSAs), though the rolling continuation channel (RCC) is being discontinued. Thus, any approved proposal will lead either to a new grant (in the case of a new PR/disease combination), or to an expansion and/or extension of an existing grant.

The transition to the single stream of funding will occur gradually over the next two years. During that time, there will be opportunities for countries to consolidate several grants into one. These opportunities include

when new funding proposals are submitted in Round 10 (expected to be launched on 1 May 2010), and when Round 9 grant agreements are signed, and when amended grant agreements are signed as part of Phase 2 Renewal.

The Board first approved the concept of a single stream of funding at its eighteenth meeting in November 2008. At its twentieth meeting in Addis Ababa on 9-11 November, the Board approved the implementation of the single stream of funding, as well as a number of changes to Board policies that are required to make it happen.

The expected benefits of the new architecture include the following:

- Grant implementation and management will be simplified, both for implementers and for the Secretariat.
- Transaction costs related to reporting and disbursements will be reduced.
- The need for formalities involved in grant closures will be removed, except when the funding relationship with a PR comes to an end.
- Support for national programmes will be enhanced.
- Performance-based funding will be enhanced as a result of having a more transparent and holistic view of Global Fund-financed activities in each country.

Other features of the single stream of funding include the following:

- The independent TRP process will be maintained.
- Where there are multiple PRs for the same disease, a single stream of funding will be created for each PR.
- The single stream of funding will be closed when the Global Fund discontinues its funding relationship with a PR.

Starting with Round 11, all proposals submitted to the Global Fund will have to be based on a consolidated request for funding, incorporating existing grants for the same PR and disease – or, where there is more than one PR, a consolidated request for funding for each PR.

Each time grants are consolidated, a Single Stream Grant Agreement will be signed by the Global Fund and the PR. These Grant Agreements will be subject to a fixed three-year review and commitment cycle, a new feature of the single stream of funding. What this means is that the Global Fund will make an initial commitment for three years. Towards the end of the three years, the grant will be subject to an in-depth performance review, similar to what is done now for Phase 2 Renewals. If the performance review indicates that the grant should continue, funds will be committed for another three years.

Normally, when funds are committed for another three years, the level of funding will be similar to what it was for the previous three years. An as-yet unpublished background paper “Architecture Review – Progress Update” states that if the grant has demonstrated strong performance, the CCM may apply for an increase in funding in order to allow for scale-up of the grant’s activities. In these instances, the CCM can ask for additional funding of up to 20 percent of the funds allocated for the previous three years.

It will also be possible for a CCM to submit a new proposal for the same PR and disease – i.e., if the CCM wishes to add new programmes or activities. This would increase funding for the existing grant with that PR.

The fixed three-year review and commitment cycle is unaffected by the introduction of new funds, which can take place during intermediate years. Thus, if the CCM submits a new proposal for the same PR, as outlined above, and if the proposal is approved, new funding will be committed only up to the next scheduled three-yearly review. This enables the PR to get onto a standard three-year cycle for all its Global Fund-related activities within a disease.

The above-mentioned background paper states that along with the single stream of funding, the Global Fund plans to introduce some changes with respect to information that CCMs have to provide. The Fund will create an online applicant profile, designed to reduce the amount of information the CCM has to provide with each application. And, beginning in Round 10, only those CCM requirements pertaining to proposal development and PR nomination will be reviewed at the time of proposal submission. Requirements relating to CCM membership, as well as program oversight and governance, will be reviewed on a regular basis and on a separate timeline by the Secretariat (in some cases through the LFA).

The background paper adds that as of Round 10, the TRP will be able to “select out” parts of proposals that are not technically sound while recommending the remainder for funding.

The Board has authorised the Secretariat to negotiate revisions to existing grant agreements that may be required to consolidate the grants into a single stream of funding. The Board has also authorised the Secretariat, on an as-needed basis and without Board input, to commit additional funds for a Single Stream Grant Agreement, equivalent to up to 12 months of approved but as yet uncommitted funding in existing grants (e.g., for Phase 2 of a rounds-based grant that has not commenced yet).

In the event that a CCM elects to consolidate an approved Round 8, Round 9 or NSA grant for which a grant agreement has not yet been signed, the Board has approved exceptions to existing Board policies to allow for the Single Stream Grant Agreement to be signed up to 18 months after the Board approved the proposal, and to allow the start date for the Grant Agreement to be up to 24 months after Board approval of the proposal. Current policies require grant agreements to be signed within 12 months of Board approval, and for the grant start dates to be no later than 18 months after Board approval.

The Global Fund says that it will produce a comprehensive communications plan to explain the changes, together with very clear application and guidance materials that will be developed and disseminated with ample time before submission deadlines.

The Board decision outlining the changes to Board policies required to implement the single stream of funding is available at www.theglobalfund.org/en/board/meetings/twentieth (see Decision Point 31). Other features of the new architecture are described in “Architecture Review – Progress Update,” a paper prepared for the Policy and Strategy Committee (GF/PSC/11/02) and referred to in the Committee’s Report to the Board (Document GF/B20/4)

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