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of the Global Fund

THE GLOBAL FUND TURNS THE TAP BACK ON

\$1 billion available to fund new grants

New funding opportunities to be launched by September 2012

The Global Fund is ready to start funding new grants again. The Fund said that it will “open new funding opportunities” in late September 2012, and that the Board will start making funding decisions no later than the end of April 2013.

The decision was taken by the Board at its meeting in Geneva on 10-11 May 2012. The Board said that its decision was made possible by a “new and encouraging financial forecast,” which estimated that approximately \$1.0 billion will be available to fund new grants in the period 2012-2014. In addition, there will be enough money to fund grants emanating from proposals to the Transitional Funding Mechanism (TFM), which could cost as much as \$615 million.

Exactly what form the new funding opportunities will take is not yet known, but it will be different from the rounds of funding used in the past. The Global Fund Secretariat will design proposed elements of the new funding models in consultation with countries, partners and other stakeholders. It will do so under the guidance of the Board’s Strategy, Investment and Impact Committee (SIIC). The Committee will present a proposed design to the Board at a special meeting to be held in September 2012.

The Board said that new funding models will describe precisely how the new iterative process will work, and how available funds will be distributed. (The Board announced that it will be adopting a new iterative process for funding applications at its meeting in September 2011; see GFO [article](#).) The allusion to how available funds will be distributed refers to the possibility that there will be some form of allocation or envelope system to determine how much funding is available to individual countries or groups of

countries. The Global Fund Secretariat told GFO that implementing a more predictable funding mechanism, as called for in the Global Fund Strategy 2012-2016, depends on a system to allocate funds across the portfolio.

The Board also said that the new funding models will be consistent with the Global Fund Strategy and that they will, as in the past, reflect country ownership with respect to both the formulation of proposals and the implementation of grants.

In addition, to help with the Fund's efforts to raise more money from donors, the Board asked the Global Fund Secretariat to work with countries and partners "as soon as possible" to develop estimates of demand for programmes for the three diseases, and for related health systems and civil society strengthening investments. It said that the estimates should be consistent with the Global Fund Strategy and should take into account existing resources available in each country. The Global Fund believes that if it has estimates of what the total need is that cannot be met from domestic resources, it will become easier to convince donors to renew or increase their contributions to the Fund. The Board said that this work should be done by September 2012.

The Global Fund Secretariat told GFO that the use of the plural word "opportunities" in the Board's decision denotes two things: (1) the possibility of providing different types of funding modalities for different applicants (similar to the use of both a general and a targeted pool in recent rounds of funding); and (2) the intention that the new system of accessing funding from the Global Fund will provide multiple opportunities – meaning deadlines – throughout the year. The Secretariat explained that while the first approvals will probably not begin until an April 2013 Board meeting, the Secretariat expects that they will then continue on an iterative (or rolling) multiple-deadline schedule.

Implementation of the new funding models will mean that the Global Fund will be reviewing proposals on a continuous basis throughout each year. The new system will also make it easier for proposals to be financed as funding becomes available.

"We're excited that we can get to work on this right away," said Todd Summers, chair of the SIIC. "But I remind everyone that we need a lot more money than is currently pledged just to sustain current efforts. While we're heading in the right direction, there still is a long way to go to meet the real need."

"This was an extremely useful Board meeting for the revitalization of the Global Fund," said Masaki Noke, a Board member who represents Japan, one of the Global Fund's largest donors. "The reorganization of the Fund is on track. Its financial situation is improving, though modestly. We are eager to move forward."

Peter van Rooijen, the Executive Director of International Civil Society Support, said that members of the civil society delegations on the Board were very pleased about the decision to launch new funding opportunities, but he cautioned that "a lot of work lies ahead, particularly concerning the development of the new funding models."

Forecast of available funding

At its meeting in Geneva, the Board was presented with a forecast of available funding (in Global Fund parlance, "forecast of uncommitted assets") and was given a detailed briefing of the methodology used to develop the forecast. The forecast covered a three-year period.

The forecast showed that after all commitments are accounted for, including funding for the TFM, and allowing for a contingency reserve of \$500 million, the Fund will have available funding of \$1,184 million as of the end of 2012, dipping to \$827 million at the end of 2013, and bouncing back to \$1,055 million at the end of 2014.

The forecast is based on a new forecasting methodology that was recently adopted because of problems associated with previous forecasts. Unreliable forecasts contributed to the decision to cancel Round 11 after it had already been launched.

The paper said that the forecast of uncommitted assets is subject to change over time as new information becomes available and circumstances change. The forecast will be updated on a monthly basis.

In a separate report prepared for the Board, the Finance and Operating Performance Committee (FOPC) noted that this is the first forecast using the revised methodology and that it will be refined over time as the methodology is improved. The FOPC also said that the forecast was just one of many financial analyses that the Board needs to review in order to have a full picture of the financial health of the Fund. At its meeting in Geneva, the Board asked the FOPC to work with the Secretariat to test the forecasting model on a monthly basis and to “confirm the resource forecast in September 2012.”

Pledging opportunity

At the Board meeting, the Global Fund announced that UN Secretary General Ban Ki-moon has offered to host a dinner during the UN General Assembly session in September 2012 in support of health-related development goals, with a special focus on the Global Fund. The event is also supported by Ray Chambers, the UN Special Envoy for Malaria and Advocate for the Millennium Development Goals (MDGs). Christoph Benn, Director of the Fund’s Resource Mobilisation and Donor Relations Division, told GFO that the dinner should provide an opportunity for heads of state and government, and also for business leaders, to recommit themselves to the Global Fund as a key instrument for the achievement of the MDGs – and, for some, to also announce new financial commitments.

Editor’s note: Readers may ask why the Global Fund “suddenly” found itself with a significant amount of available funding to apply to new grants. The most likely explanation is as follows: After the launch of Round 11, a more cautious forecasting method was adopted, and some errors in the forecast were corrected, resulting in a reduction in the forecasted amount of funding that would be available before the end of 2013. This led to the November 2011 decision to cancel Round 11 and replace it with a more limited TFM. Subsequently, although the forecasting method remained cautious and a \$500 million reserve was established, several factors led to an increase in the forecasted amount of available funding. These factors included increased pledges; contributions that were made earlier than anticipated; a reduction in expected commitments in areas such as continuity of services and the transitional funding arrangements established when Round 11 was cancelled; and new and tighter rules adopted for grant renewals.

The Board Decision Points document (see DP6) is available at www.theglobalfund.org/en/board/meetings/twentsixth. The report of the FOPC should be available shortly at the same site. The Global Fund’s press release is available [here](#).

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