Aidspan
Independent observer
of the Global Fund

Countries whose allocations cover only existing grants must make the money last until end 2017

The Global Fund is telling countries whose 2014–2016 allocations consisted of only enough money to cover the costs of their existing grants that the money they are receiving has to last until the end of 2017.

The Fund is also telling all countries not to expect to receive any new funding from the 2017-2019 allocation period until the end of 2017.

Aidspan has reviewed a number of country allocation letters sent by the Secretariat on 12 March, and held discussions with stakeholders in a number of countries about the nuances of their individual allocations. The Secretariat has since released a comprehensive table of allocations.

During its 31st meeting in Jakarta in early March, the Global Fund Board adopted several provisions covering the transition from the rounds-based system to the new funding model (NFM). One provision states that “each disease component’s portion of the Total Allocation will typically cover a period of four years starting from 1 January 2014.”

This caused some confusion initially, because it implied that most of the $15.77 billion in base and incentive funding for the 2014–2016 allocation period would have to be spent by the end of 2017: an apparent conflict with the flexibility in the timing of their applications that countries were counting on.

For example, if an applicant decided to apply on 1 July 2015 for a grant whose start date would be 1 January 2016, that grant would run from 1 January 2016 to 31 December 2018 (grant implementation periods normally last three years).

It now appears that this provision was primarily targeting countries that received only enough money to cover existing grants.

Ukraine is one of those countries. As reported previously in GFO, Ukraine received a total allocation of $184.6 million: $137.3 million for HIV and $47.3 million for TB. The entire allocation covers existing grants, with no additional funding.

Both the HIV and TB components are considered by the Global Fund to be "significantly over-allocated." This means that in recent years Ukraine has received significantly more than its fair share of Global Fund money. The Fund wants to "re-balance" its grant portfolio. But rather than make too drastic a cut to what countries like Ukraine receive, the Fund provided an allocation comparable to past amounts minus about 25% – called a "graduated reduction."

For subsequent allocation periods, the Fund is expected to impose similar reductions until countries are at the level calculated by the NFM allocation methodology.

Still, the funds are less than what countries had hoped for; in Ukraine, the $137.3 million for HIV is less than a request made for Phase II of Round 10 grants, which would have run through December 2016.

The $47.3 million Ukraine received for TB compares to what was left in Phase II of a Round 9 grant, which Ukraine planned to spend through 2015.

Now Ukraine must stretch those funds through 2017: a message delivered by officials from the Secretariat during a visit to Ukraine on 25-26 March. It was reinforced in a letter sent to Ukraine by Mark Edington, head of the Grant Management Division on 27 March. In the letter Edington said: "Given uncertainty about when the next Global Fund replenishment conference will take place and consequently, when and if a new allocation will be made available to countries, the CCM is strongly encouraged to ensure that the current allocation is programmed until the end of 2017."

The Secretariat told Aidspan that 18 components in Eastern Europe and Central Asia are considered significantly over-allocated and that another two components are considered over-allocated. Of the 20 components, four have received only enough funding to cover existing grants. Aidspan has not been apprised of similar analysis in other regions.

Concept notes for existing funding

The Global Fund is urging all countries to submit concept notes – whether they have received funding for existing grants and new grants, or, like Ukraine, only funding for existing grants.

Ukraine's allocation letter stated that it could either continue to implement its existing grants or submit a new concept note. Sources in Ukraine said, however, that the message delivered during the Secretariat visit in late March was clear: submitting a new concept note is the only option. Subsequently, Ukraine signalled its intention to submit a concept note by 15 June 2014 with a planned grant start date of 1 January 2015.

There was a certain opacity in the run-up to the launch of the NFM about how existing grants would be handled. It is increasingly clear, however, that the Fund prefers to see existing funds re-programmed into new concept notes but that there may be impediments – legal or otherwise – to making this a requirement. Instead, there is "strong encouragement".

Presumably, components that received only enough funding to cover existing grants are eligible for incentive funding. But that is inextricably linked to the submission of a concept note. This appears to be one more “incentive” for countries to develop new concept notes.

CORRECTION: an earlier version of this article referenced a summary table of country allocations. It has been updated to reflect the comprehensive table that has since been released. An article here provides more information.

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