Transition to new funding model and fourth replenishment approved by Global Fund Board

DECISION POINT: GF/B31/DP09

The Global Fund Board has approved a framework and roadmap for transition between the rounds-based approach and the new funding model (NFM), aiming to align timelines for grant funding with replenishment of the Global Fund's coffers.

The goal of the transition is to streamline the funding channels so that, going forward, countries can budget and plan more effectively with a one-time disbursement that dovetails with the length of the grant period. This is at the core of the 'Investing for Impact' philosophy being promoted by the Fund and will be one of the key indicators against which performance will be measured.

Under the rounds-based model in place since the Fund's inception in 2002, proposals for use of funds were approved for 5- or even 6-year periods, even though the replenishmentof resources only occurred over three-year periods. This disconnect contributed to problems at the country-level, causing some countries that were better able to absorb and program money to be over-allocated resources at the expense of others with weaker systems who often had difficulty absorbing the funds they were given. .

Aidspan understands from conversations with representatives of both the Board and the Secretariat that the new alignment of the timelines is supposed to help countries with their planning and implementation of activities across the response to each of the three diseases as well as for the strengthening of health systems.

With one upfront allocation period for each grant cycle, which should closely follow the replenishment conference for each cycle, applicants will benefit from greater predictability in what they can expect to receive from the Fund and greater flexibility in how they plan to spend it.

For subsequent cycles, it is likely to be less convoluted than during the transition, as the process has been complicated by the existing funds that remain from the rounds-based approach.

Here the Finance and Operational Performance Committee (FOPC) has recommended that the ‘existing’ funds be added to the ‘initial allocation’: those resources that were committed by donors in December 2013 during the fourth replenishment.

The below figure illustrates this recommendation, which was adopted by the Board.

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The alignment of the allocation period with the replenishment cycle also reflected the Secretariat’s need to incrementally decrease the allocation to those countries that have received more than what they will under the parameters of the NFM. The parameters of the NFM try to make sure that countries with the highest disease burdens and the least ability to pay get the greatest share of donor money. This process of reduction will stagger the decrease in resources over four years.

Where it began to break down for some delegations, was in the recommendation from the FOPC that funds allocated for the cycle be used to support programming for four instead of three years during this transition. The need to expand the cycle to four years was flagged by the Secretariat as a response to the planning and dialogue process that will be more involved and more demanding than countries are used to. Proposal development will be more complex as the requirements for the pre-proposal/concept note stage for countries are more comprehensive than before, and require more input from the relatively small country teams based at the Secretariat.

Their concerns, highlighted in a decision by the Communities delegation to abstain from the vote, centered around the implications of spreading investments out over a longer period of time, which could limit the effectiveness and impact of programs supported with Global Fund resources. In a widely disseminated news release received by Aidspan, the delegation expressed concern about how “countries would be able to utilise the resources beyond essential services and commodities, allowing resources to be allocated to key populations and communities” with a longer implementation period.

In promoting the three-year implementation period, the delegation said that countries would be able to devote resources “beyond essential services and commodities” – suggesting that such activities would be impossible within the four-year period.

Responses from the Secretariat emphasized that there would be flexibility built into the implementation model, responding to the strengths and capacities demonstrated by individual countries, and their ability to absorb and effectively program funds to achieve the maximum impact. The Grant Management team within the Secretariat (or just The Secretariat) envision of the total four years, many countries may take one year to plan and develop a strong concept note and gain approval, and then use three years to spend and report on the grant obtained.

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