



Independent observer
of the Global Fund

OPEN ISSUES REGARDING ROUNDS 1 AND 3

Why, after one year, have only two thirds of the necessary Round 1 grant agreements been signed? Why has only \$20 million been disbursed? (For details, see the Analysis article above.)

The Secretariat deserves a certain amount of sympathy here. Applicants were given very little time to prepare Round 1 proposals, and the Fund at that time had no post-approval procedures in place. As a result, many of the approved proposals were little more than “proposal concepts,” which then had to be fleshed out into more substantial documents.

But there are only three possible explanations for the grant agreements that still have not been signed: the Secretariat has worked too slowly; the Secretariat has been too demanding; or the grant recipients have been insufficiently cooperative.

The Fund should set a deadline: if a Round 1 grant agreement is not signed by some specified date in the not-too-distant future because of a lack of serious commitment and proven ability by the recipient CCM, the grant approval should be revoked. There will be plenty of Round 3 grantees who could use the money.

Speaking of which, the probable Round 3 funding shortfall will require the board to do some hard thinking at the June 4-6 board meeting. One option is for the board to debate, on a proposal-by-proposal basis, which of the TRP’s recommendations to approve and which to reject. This would be a serious mistake. The board’s job is to set policy, not to micro-manage, and not to engage in the politics of deciding which recipient countries are “in” or “out”.

The second option is to rank the recommended proposals, and then to fund the top “N” in the pile (with “N” depending upon how much money is available), with the remaining recommended proposals being approved but kept on hold until more funding is available. But this raises the politically charged question of

how to do the ranking – should it be based on national poverty, or on disease incidence, or on the potential for disease escalation, or on proposal quality, or on the country's willingness to act, or on absorptive capacity, or on some mix of these and other factors? If such an approach is adopted, the ranking formula should be determined by the TRP, not by the board, who would probably fight over it for weeks.

The third option is to free up some of the money that was set aside for Rounds 1 and 2, based on the fact that some of those grants will require less money during their first two years than was originally anticipated.

And the fourth option is to persuade some donors to move to 2003 some pledges they had originally made for later years.

The board's ability to make harmonious decisions on this issue will be a significant test.

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