



Independent observer
of the Global Fund

"PHASE 2 RENEWAL" PROCESS LEADS TO CANCELLATION OF A GLOBAL FUND GRANT

The Global Fund has informed Senegal that it will not renew a malaria grant that is approaching the end of its second year, because of “systemic issues that resulted in poor performance.” This is the first Global Fund grant to be terminated by the Fund after two years rather than being renewed for Years 3 through 5.

From the day that it was established, the Global Fund has made it clear – both to donors and recipients – that it is “results-based.” This is a two-sided arrangement. On the one hand, it means that the Fund does not tell countries what funded grants must consist of; instead it lets countries specify what they will do if the grants are approved, on condition that they also specify what results these actions are expected to deliver. But on the other hand, it means that if countries do not then deliver the promised actions, or if they do not achieve something reasonably close to the anticipated results, their grants will be in danger of being terminated by the Fund after two years.

All grants are approved in principle for five years. But at the start, funding is only committed for two years. Funding for Phase 2 (that is, Years 3 through 5) is only approved after an in-depth review conducted by the Fund’s Secretariat in the middle of the second year. Approval needs to be agreed to by both the Secretariat and the Board.

In recent weeks, the first 26 grants have been reviewed for Phase 2 renewal. Of these:

- 22 grants were recommended by the Secretariat for renewal, and each was approved by the board. These grants (all of which were Round 1 grants except for two Round 2 HIV grants in Madagascar) were Benin – Malaria; Burundi – HIV; China – TB; China – Malaria; Ghana – HIV; Ghana – TB; Haiti – HIV (2 grants, combined into one for Phase 2); Honduras – TB; Honduras – Malaria; India – TB;

LAO PDR – Malaria; Madagascar – Malaria; Madagascar – HIV (2 grants); Moldova – TB/HIV; Mongolia – TB; Morocco – HIV; Panama – TB; Rwanda – TB/HIV; Tajikistan – HIV; Zanzibar – Malaria. The total renewal cost of these grants is \$119 million.

- Two grants (LAO PDR – HIV, and Senegal – HIV.) were recommended by the Global Fund Secretariat not to be renewed, but based in part on advice from the TRP, the Board disagreed. The Secretariat will re-review these two grants, and will seek in April to present a recommendation that the board supports. Thus, these two grants might end up being approved for Phase 2, or they might not.
- One grant (Senegal – Malaria) was recommended by the Global Fund Secretariat not to be renewed, and the TRP and the board agreed with this. As a result, the grant will be terminated soon, at the end of its second year.
- One grant (Honduras – HIV) is still being reviewed. The Secretariat originally recommended that this grant not be renewed, but the Honduras government lodged a protest after commissioning and receiving a lengthy report from an independent external four-person team of health economists and HIV/AIDS experts. The Secretariat then concluded that some of the information it had received from the LFA was incomplete and/or inaccurate, and the Secretariat is now seeking additional data.

For further details regarding the 26 grants, see “ANALYSIS: Successes and Failures Among Grants Reviewed for Phase 2,” below.

The terminated Senegal malaria grant was over a year behind schedule, with only 36% of its two-year budget disbursed since its official start date almost two years ago. After 18 months, the Principal Recipient (the Ministry of Health) had still not entered into contractual relationships with its Sub-Recipients and had not reported any disbursements to Sub-Recipients. The Secretariat found “serious weaknesses in the PR’s financial and programmatic management capacities.” In addition, the CCM was functioning poorly, with problems of governance and internal coordination, partly because the person who was serving as Minister of Health (who chairs the CCM) had been changed four times in sixteen months.

From now on, the Fund will consider further grants for Phase 2 renewal almost every month. The Fund has budgeted on the assumption that 15% of grants will not be approved for Phase 2, and has devised procedures to be followed during the wind-down when terminated grants have people on life-saving treatment.

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