



Independent observer
of the Global Fund

Keep the Promise: Round 6 in '06

[This is a slightly abbreviated version of a discussion paper offered by the NGO Northern Delegation in advance of the forthcoming meeting of the Board of the Global Fund.]

At the 12th meeting of the Global Fund board, on December 14-15, delegates will confront another defining moment in the Fund's evolution: will the Board support the timely launch of a crucial Round 6, or will it delay that launch, possibly until late in 2006? One of the many reasons that the Fund is such a unique multilateral development assistance model is because it has stuck to an aggressive timetable of launching at least one round of grants per year. However, if a Round 6 is not launched, funded and approved early in 2006, then that impressive track record could be compromised. It is vitally important that donors rise to the challenge of a Round 6 in '06 to sustain the momentum the Fund has generated thus far. The three epidemics are not slowing down, and neither can the Fund.

A Board resolution to launch Round 6 must happen by early 2006, or it will be impossible for the Fund to award any new grants next year, and 26 projects whose grants expire at the end of the year will be halted. Due to the current lapse between grant awards, grant signing, and first disbursements, countries may not receive funding until 2007. This could set two dangerous precedents: important projects could expire without having an option for renewal, and a full year could go by without a new round.

In July 2005, the G8 committed to work toward universal treatment access by 2010, which was reaffirmed by governments at the UN World Summit in September. These promises made by world leaders, many of whom are Global Fund donors, require a significant investment of additional resources. There are currently no programs underway to meet the universal access goal, and there are no coordinated funding mechanisms with the capacity to support it. Without an on time launch of Round 6, scaling up to ensure near universal access to treatment by 2010 will be impossible. Launching and approving Round 6 is an

early test of the commitment of the G8 and the UN to keeping the promises they made so recently.

Several governments have already stated their opposition to a timely launch of Round 6 based on several false assumptions, or myths. Facts are presented to counter those myths in the following section.

Myths and Facts

Myth: Round 6 cannot be launched until there is enough money pledged by donors to fund it.

Fact: Even the Global Fund's conservative, Board-approved funding policy states that Rounds can be launched before donors have pledged sufficient funds to pay for them. In fact, Rounds 4 and 5 both were launched with only a fraction of the funds that were eventually raised from donors. Countries most affected by the three pandemics are clearly demonstrating the need for additional funding, and historically donors have responded to that need. Interrupting that tradition by delaying Round 6 would be an unfortunate precedent.

Myth: Round 5 still needs funding – it is premature to talk about Round 6.

Fact: There is now a good chance that Round 5 will be fully funded in 2005; at the time of this writing, the shortfall has been reduced to \$66 million. New funding for a Round 6 becomes even more crucial at this point. Resource needs estimates prepared for the replenishment process were based on the assumption of one new round in 2006, and two new rounds in 2007. A number of donors have made pledges based on this assumption. Failure to launch Round 6 in '06 could jeopardize current donor commitments.

Myth: Governance and operational issues at the Global Fund must be addressed, before new grants are awarded.

Fact: The Global Fund is nearly four years old. As it evolves, the Fund will encounter many of the same dysfunctions all young organizations face. None of those growing pains can impede its core mission. The investigation underway at the Fund should not justify stalling the launch and approval of Round 6.

Myth: Project implementation bottlenecks must be addressed before another round is launched.

Fact: Over the Fund's short lifespan, each problem it has encountered has been addressed and resolved effectively and with the utmost transparency. While it is true that some grants are facing serious problems because they lack coordinated technical support and sufficient on-the-ground capacity, flaws in Fund processes and systems cannot justify delaying Round 6. The Fund must have the resources and the mandates to improve its systems at the same time that it aggressively fights these three diseases.

Myth: Countries have reached their absorptive capacities – they cannot handle additional funding.

Fact: Although funding has increased in many countries, no developing country has enough funding to address all of its treatment, prevention and care needs for all three diseases. In many cases, limited absorptive capacity is a result of insufficient funding for human resources strengthening and other system wide approaches.

Myth: Donors are doing all they can – there is just not enough money to launch a new round of funding.

Fact: Donors must meet the pledges and commitments they have made to aggressively combat AIDS, TB and malaria. Agreements articulated in the Millennium Development Goals, the UNGASS Declaration of Commitment, and the recent G8 Summit provide governments with ample political capital; the Fund's solvency and effectiveness is the evidence of whether or not they are spending it wisely. Round 6 must be launched, approved and fully funded if donors are to be held accountable for the promises they have

made.

The Financial Feasibility of a Round 6

The Global Fund has estimated that it will need about \$1,100 m. to cover the costs of Round 6. The Fund's current pledges for 2006-7 will be completely used up covering the cost of Round 5 grants plus renewals of grants from Rounds 1-4. Thus, if Round 6 is to be approved in 2006, the Fund must raise new pledges of about \$1,100 m., and/or it must modify its Comprehensive Funding Policy (which specifies that the Fund must place the entire cost of each grant agreement in the bank before signing the agreement.)

Conclusion

The 12th Board meeting is an ideal opportunity for donors and advocates to candidly address the challenges of launching, approving and funding Round 6 in '06. Doing so now could avert the possibility that Round 6 will be delayed, which would inevitably slow the Fund's momentum. That momentum, underway since donors agreed to support and develop this unique multilateral funding mechanism, is a clear indicator of the world's collective response to AIDS, tuberculosis and malaria. Donors can and should sustain that important momentum with Round 6 in '06.

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