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GLOBAL FUND APPROVES ROUND 8 GRANTS, BUT CUTS BUDGETS AND DELAYS ROUND 9

The Global Fund Board yesterday approved 94 Round 8 grants that will cost up to \$2.753 billion over the first two years and \$5.840b. over five years – a record amount. The decision was made at the Fund's eighteenth board meeting, held in Delhi, India,

The Board decision was rendered particularly difficult because the unusually large average size of the proposals meant that there was not enough money to pay the full cost of the proposals recommended for approval by the Technical Review Panel (TRP).

After extensive negotiation, the Board handled this by calling for various budget cuts, and by delaying by six months the date at which Round 9 grants will be approved.

The budget cuts decided upon were as follows:

- Although the total amount of money requested by applicants for Phase 1 (i.e. Years 1-2) of the TRP-recommended Round 8 proposals came to \$3.059 billion, the Board only agreed to pay 90% of this amount, i.e. a maximum of \$2.753 billion. This means that successful Round 8 applicants will shortly be asked by the Fund to propose cuts to the budgets in their proposals. Although these cuts will, on average, need to be at least ten percent, the Fund will not insist that each proposal's budget is cut by this precise amount. The Fund is aware that some budgets have more "fat" than others. For instance, some budgets assume paying higher prices for purchased products, or higher salaries, than the Fund believes to be reasonable. In such cases, cuts of greater than 10% will be expected; in some others, lesser cuts might be tolerated.
- Similarly, when it comes to negotiating Phase 2 for approved Round 8 proposals, the Fund will

expect budgets to be cut by an average of 25% from what was originally proposed – unless the Fund receives sufficient donations that such cuts turn out not to be necessary.

- When the Fund next sends out invitations to apply for Rolling Continuation Channel (RCC) extensions of grants that are coming to the end of Phase 2, applicants will be instructed to limit the funding they request to 140% of the amount that had previously been approved in Phase 2 of the grant in question – again, unless the Fund receives sufficient donations that this restriction turns out not to be necessary.
- When Phase 2 grant agreements are being negotiated for Round 1-7 grants, attempts will be made to cut budgets by at least 10% from what was specified in the original proposals.
- However, no budget cuts will be imposed on Phase 1 or Phase 2 or RCC grant agreements that have already been signed.

Regarding Round 9, the Board decided to extend the date by which applications must be submitted from 21 January 2009 to 31 May 2009, and to make final grant approvals for these proposals at the November 2009 board meeting rather than the May 2009 board meeting.

Even with the above cuts, the Fund does not currently have enough money to pay for all the Round 8 proposals that the TRP recommended for approval. However, the Fund hopes to have sufficient funding available by some point in 2009. Accordingly, following a procedure that it first used when a similar situation arose with Round 5, the Board agreed to a system for prioritizing when the various Round 8 grants can be formally approved. (For details, see the next article.)

The Board's decisions as to which proposals to approve was, as always, entirely based on the advice it received from the TRP, an independent and non-political body of 34 experts from around the world who serve in their personal capacities. No Board members or Secretariat employees are members of the TRP.

Some of the highlights of Round 8 approvals were as follows:

- Ninety-four Round 8 proposals were approved, with a total two-year requested amount of \$3.1 billion (at current exchange rates), up from \$1.1 billion in Round 7, the previous largest round. (As discussed above, the total amount that the Board actually approved is less than the total amount that was requested.)
- The average Round 8 approved proposal has a two-year requested amount of \$33 million, up from \$15 million in Round 7, the previous largest average.
- Fifty-four percent of eligible proposals submitted in Round 8 were approved, up from 49% in Round 7, the previous highest percentage.
- Malaria proposals in Round 8 were particularly successful. Sixty-eight percent of them were approved (as against 49% of HIV/AIDS proposals and 51% of TB proposals), with an average two-year requested amount of \$56 million (as against \$31m. for HIV/AIDS proposals and \$11m. for TB proposals). The total two-year requested amount for approved malaria proposals was \$1.57 billion, which for the first time ever was greater than the value of approved HIV/AIDS plus TB proposals.
- Although HIV/AIDS proposals in Round 8 were less successful than were malaria proposals, they were still significantly more successful than they had been in any previous round. The percentage of HIV/AIDS proposals that were approved in Rounds 4, 5, 6, 7 and 8 respectively was 38%, 38%, 39%, 41% and 49%.

The following tables summarize Round 8 results.

Table 1: Global Fund Proposals, Submitted and Approved, by Round

Round	Eligible proposals submitted		Of which, approved by Board				Average cost of submitted proposals	Average cost of approved proposals
	Number	Cost *	Number (and % of submitted number)		Cost * (and % of submitted cost)			
Round 1	204	\$1.5b.	58	(28%)	\$0.6b.	(38%)	\$7m.	\$10m.
Round 2	229	\$2.1b.	98	(43%)	\$0.9b.	(40%)	\$9m.	\$9m.
Round 3	180	\$1.8b.	71	(39%)	\$0.6b.	(33%)	\$10m.	\$9m.
Round 4	173	\$2.5b.	69	(40%)	\$1.0b.	(39%)	\$15m.	\$14m.
Round 5	202	\$3.3b.	63	(31%)	\$0.7b.	(22%)	\$16m.	\$12m.
Round 6	196	\$2.5b.	85	(43%)	\$0.8b.	(34%)	\$13m.	\$10m.
Round 7	150	\$2.4b.	73	(49%)	\$1.1b.	(47%)	\$16m.	\$15m.
Round 8	174	\$5.8b.	94	(54%)	\$3.1b.	(51%)	\$33m.	\$33m.

* Note: In this and the following tables, "Cost" means the amount requested for Years 1 to 2 (i.e. for Phase 1). In the case of Round 8, as discussed above, the total amount that the Board has agreed to pay is ten percent less than this. Cost does not include proposals approved under the RCC option, or proposals only approved upon appeal.

Table 2: Disease Component Results by Round

Number of proposals submitted, number approved, and % of submitted proposals approved			Cost of approved proposals and % split between disease comp	
Round 6	Round 7	Round 8	Round 6	Round 7

HIV/AIDS	82	32	39%	64	26	41%	76	37	49%	\$0.45b.	54%	\$0.54b.	48%
Malaria	59	19	32%	45	28	62%	41	28	68%	\$0.20b.	24%	\$0.47b.	42%
TB	55	34	62%	41	19	46%	57	29	51%	\$0.19b.	22%	\$0.11b.	10%
Total	196	85	43%	150	73	49%	174	94	54%	\$0.85b.	100%	\$1.12b.	100%

Table 3: Round 8 Proposals, by Region

Region	Number of proposals submitted	Number approved	Percent of submitted proposals approved	Cost of approved proposals	Percent of total approved proposals
Africa: Eastern	21	13	62%	\$0.80b.	72%
Africa: Southern	17	10	59%	\$0.41b.	44%
Africa: West and Central	30	17	57%	\$0.91b.	81%
East Asia and the Pacific	20	15	75%	\$0.39b.	41%
Eastern Europe and Central Asia	26	14	54%	\$0.14b.	16%
Latin America and the Caribbean	32	11	34%	\$0.16b.	14%
Middle East and Northern Africa	14	8	57%	\$0.15b.	17%
South West Asia	14	6	43%	\$0.10b.	11%
Total:	174	94	54%	\$3.06b.	100%

Further highlights of Round 8 include the following:

- In Round 8, seven approved proposals had five-year requested amounts (i.e. Phase 1 plus Phase 2) in excess of \$250 million. These were from DR Congo (HIV, \$263m., and malaria, \$393m.), Ethiopia (malaria, \$291m.), Nigeria (malaria, \$600m.), Tanzania (HIV, \$598m.), Zambia (HIV, \$307m.), and Zimbabwe (HIV, \$297m.). And two non-approved proposals had five-year requested amounts in excess of \$250 million. These were from Nigeria (HIV, \$832m.) and South Africa (HIV, \$259m.).
- The Phase 1 budget breakdown of the approved Round 8 proposals was: health products and health equipment (36%), medicines and pharmaceutical products (11%), training (9%), human resources (8%), infrastructure and other equipment (8%), procurement and supply management costs (6%), M&E (5%), communication materials (4%), planning and admin (3%), living support to clients and target populations (3%), technical and management assistance (3%), overheads (3%), and other (1%).
- Of the three proposals submitted by Regional Coordinating Mechanisms, one was “screened out” by the Secretariat on eligibility grounds without being forwarded to the TRP, and the remaining two were then rejected by the TRP. And of the eight proposals submitted by regional organizations, five were screened out by the Secretariat on eligibility grounds, and the remaining three were then all rejected by the TRP.
- No proposals submitted by CCMs were screened out by the Secretariat as ineligible on the grounds that the CCMs of the countries in question were not in compliance with the Fund’s minimum CCM eligibility requirements.

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