



Independent observer  
of the Global Fund

## GLOBAL FUND BOARD APPROVES ROUND 9 GRANTS DESPITE FINANCIAL SHORTFALL

Despite having relatively little funding available, the Global Fund Board has approved 85 Round 9 grants that will cost up to \$1.99 billion over the first two years. This makes Round 9 the Fund's second largest round, after Round 8. In addition (see article 3, below), the Board approved five "National Strategy Applications" that will cost \$0.39 billion over the first two years. The total two-year approved amount for the two groups of grants is \$2.38 billion.

Also Round 10 will, subject to board confirmation in April 2010, be launched at the start of May 2010.

These decisions were made at the Fund's twentieth board meeting, held on November 9-11 in Addis Ababa, Ethiopia.

If the Fund were to follow the policies and practices that it followed before Round 8, it would have well under half the money it needs to approve these proposals. After extensive negotiation, the Board handled this by introducing a number of measures to reduce or delay costs, as follows:

- The 54 proposals that the Technical Review Panel (TRP) rated Category 1 or Category 2 were approved in the normal manner. The 31 proposals that the TRP rated Category 2B were approved "in principle," with formal approval to come during 2009-2010 as funding for those grants becomes available.
- Although the total amount of money requested by applicants for Phase 1 (i.e. Years 1-2) of the approved Round 9 proposals came to \$2.21 billion, the Board only approved paying 90% of this amount, i.e. a maximum of \$1.99 billion. This means that successful Round 9 applicants will shortly be asked by the Fund to propose reductions in the budgets in their proposals. Although these

reductions will, on average, need to be at least ten percent, the Fund will not insist that each proposal's budget is reduced 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, reductions of greater than 10% will be expected; in other cases, lesser reductions might be tolerated.

- Similarly, when it comes to negotiating Phase 2 for approved Round 9 proposals, the Fund will expect budgets to be reduced by an average of 25% from what was originally proposed – unless the Fund receives sufficient donations that such reductions turn out not to be necessary.
- As mentioned above, the amount that will be approved for Phase 1 of each grant will, on average, be at least ten percent less than the amount that was requested in the proposal. But in addition, when a grant agreement is put in place, the Global Fund will initially only commit to paying 90% of the approved amount. The remaining 10% will be committed later, if necessary and if possible. Thus, initial grant agreements will be, on average, for 90% of 90% of the originally requested Phase 1 amount.
- When grant agreements are signed for Years 3-5 (i.e. Phase 2) of Round 9 grants, there will be an initial commitment for two years followed by a later commitment, subject to availability, for the final year.

Even with implementation of the above measures, the Fund does not currently have enough money to pay for the Round 9 proposals that were rated Category 2B by the TRP. However, the Fund is solidly confident that it will have sufficient funding for these proposals by some point in 2010. Accordingly, following a procedure that it has used several times before, the Board agreed to a system for prioritizing when the Category 2B proposals 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 40 experts from around the world who serve in their personal capacities. No Board members or Secretariat employees are members of the TRP.

In another key decision regarding future grants, the Board resolved that its "Rolling Continuation Channel", whereby expiring grants can be renewed, will be discontinued immediately.

And regarding Round 10, the Board decided that subject to confirmation at its next board meeting in April 2010, the Fund will issue the Round 10 call for proposals on or about 1 May 2010. Proposals must be submitted by 1 August 2010, and the board will decide which ones to approve between November 2010 and January 2011.

Some of the highlights of Round 9 approvals were as follows:

- Eighty-five Round 9 proposals were approved in principle, with a total two-year requested amount of \$2.21 billion, down from \$3.1 billion in Round 8, the largest round. (As discussed above, the total amount that the Board actually approved is 10% less than the total amount that was requested.)
- The average Round 9 approved proposal has a two-year requested amount of \$26 million, down from \$31 million in Round 8 but still double the average over the prior few rounds..
- Fifty-three percent of eligible proposals submitted in Round 9 were approved, about the same as in Round 8, suggesting that the improvement in success rates experienced over the past few rounds has levelled out.
- TB proposals were the most successful in Round 9, with 61% approved (as against 55% for malaria proposals and 47% for HIV/AIDS). HIV/AIDS proposal continue not to break the 50% barrier.
- Between Rounds 8 and 9, the percentage of proposals from Africa that were approved went down from 59% to 54%. In Latin America and the Caribbean, the percentage approved was dramatically up, from 34% to 57%. In Middle East and Northern Africa, the percentage approved was equally dramatically down, from 57% to 28%.

The following tables summarize Round 9 results.

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

Round	Eligible proposals submitted		Of which, approved by Board			
	Number	Cost *	Number (and % of submitted number)	Cost * (and % of submitted cost)	Average cost of submitted proposals	Average cost of approved proposals
Round 1	204	\$1.5 b.	58 (28%)	\$0.6 b. (38%)	\$7 m.	\$10 m.
Round 2	229	\$2.1 b.	98 (43%)	\$0.9 b. (40%)	\$9 m.	\$9 m.
Round 3	180	\$1.8 b.	71 (39%)	\$0.6 b. (33%)	\$10 m.	\$9 m.
Round 4	173	\$2.5 b.	69 (40%)	\$1.0 b. (39%)	\$15 m.	\$14 m.
Round 5	202	\$3.3 b.	63 (31%)	\$0.7 b. (22%)	\$16 m.	\$12 m.
Round 6	196	\$2.5 b.	85 (43%)	\$0.8 b. (34%)	\$13 m.	\$10 m.
Round 7	150	\$2.4 b.	73 (49%)	\$1.1 b. (47%)	\$16 m.	\$15 m.
Round 8	174	\$5.8 b.	94 (54%)	\$3.1 b. (51%)	\$33 m.	\$33 m.
Round 9	159	\$4.8 b.	85 (53%)	\$2.2 b. (46%)	\$31 m.	\$26 m.

\* 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 9, as discussed above, and also for Round 8, the total amount that the Board agreed to pay was 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 eligible proposals submitted,  
number approved, and  
% of submitted proposals approved

Cost of approved proposals,  
and % split between disease components

	Round 7			Round 8			Round 9			Round 7			Round 8			Round 9		
HIV/AIDS	64	26	41%	76	37	49%	74	35	47%	\$0.54 b.	48%	\$1.16 b.	38%	\$0.98 b.	44%			
Malaria	45	28	62%	41	28	68%	31	17	55%	\$0.47 b.	42%	\$1.57 b.	51%	\$0.61 b.	28%			
TB	41	19	46%	57	29	51%	54	33	61%	\$0.11 b.	10%	\$0.33 b.	11%	\$0.62 b.	28%			
Total	150	73	49%	174	94	54%	159	85	53%	\$1.12 b.	100%	\$3.06 b.	100%	\$2.21 b.	100%			

Table 3: Round 8 and 9 Proposals, by Region

Region	Number of proposals submitted		Number approved		Percent of submitted proposals approved		Cost of approved proposals		Percent split between regions	
	R8	R9	R8	R9	R8	R9	R8	R9	R8	R9
Africa: Eastern	21	16	13	8	62%	50%	\$0.80 b.	\$0.38 b.	26%	17%
Africa: Southern	17	13	10	7	59%	54%	\$0.41 b.	\$0.26 b.	13%	12%
Africa: West and Central	30	32	17	18	57%	56%	\$0.91 b.	\$0.59 b.	30%	27%
East Asia and the Pacific	20	17	15	11	75%	65%	\$0.39 b.	\$0.38 b.	13%	17%
Eastern Europe and Central Asia	26	21	14	12	54%	57%	\$0.14 b.	\$0.11 b.	5%	5%
Latin America and the Caribbean	32	30	11	17	34%	57%	\$0.16 b.	\$0.19 b.	5%	9%
Middle East and Northern Africa	14	18	8	5	57%	28%	\$0.15 b.	\$0.09 b.	5%	4%
South West Asia	14	12	6	7	43%	58%	\$0.10 b.	\$0.22 b.	3%	10%
Total:	174	159	94	85	54%	53%	\$3.06 b.	\$2.21 b.	100%	100%

Further highlights of Round 9 include the following:

- The Round 9 Call for Proposals was issued on 1 October 2008, with an original closing date of 21 January 2009. The closing date was later extended to 1 June 2009.
- In Round 9, two approved proposals had five-year requested amounts (i.e. Phase 1 plus Phase 2) in excess of \$250 million, down from seven in Round 8. These were from Nigeria (HIV, \$341 m.) and DR Congo (TB, \$307 m.). And six non-approved Round 9 proposals had five-year requested amounts in excess of \$250 million. These were from Uganda (HIV, \$411 m., and malaria, \$376 m.), Tanzania (HIV, \$299 m.), DR Congo (malaria, \$280 m.), Kenya (malaria, \$270 m.), and Mali (\$258 m.)
- The Phase 1 budget breakdown of the approved proposals in Rounds 8 and 9 was as follows:

Table 4: Round 8 and 9 Budget Breakdown

Purchase/payment category	Round 8	Round 9
Health products and health equipment	36%	21%

Medicines and pharmaceutical products	11%	13%
Training	9%	10%
Human resources	8%	14%
Infrastructure and other equipment	8%	10%
Procurement and supply management costs	6%	4%
M&E	5%	7%
Communication materials	4%	4%
Planning and admin	3%	5%
Living support to clients and target populations	3%	4%
Technical and management assistance	3%	3%
Overheads	3%	4%
Other	1%	1%

- Of the three proposals submitted by Regional Coordinating Mechanisms, one was approved and two were rejected.
- Of the nine proposals submitted by regional organizations, three were approved and six were rejected. (This was much better than in Round 8, when five were screened out by the Secretariat on eligibility grounds, and the remaining three were then all rejected.)
- Five proposals submitted by CCMs in Round 9 and one submitted by a Sub-CCM 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. This was a definite change from Round 8, when no CCMs were screened out.

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