

## Changes to the Global Fund Grant Architecture: a Fact Sheet for Implementers

In November of 2009, The Global Fund Board approved a new grant architecture. This new grant architecture brings important changes to the organization's operating model, including how countries apply for funding, how financing is structured, how performance management is conducted and how decisions about future funding are made. The new grant architecture puts the Global Fund in a better position to support a national program approach, allowing for improved alignment with national cycles and systems. Through streamlining grants and transitioning to a more programmatic approach to funding, the new grant architecture will also lead to reduced transaction costs for implementers and better enable Country Coordinating Mechanisms to provide effective oversight. This document presents an overview of the improvements to the Global Fund operating model currently being implemented throughout 2011 and 2012.

### 1. Key changes to the Global Fund operating model

The core feature of the new Global Fund grant architecture is the “**Single Stream of Funding per Principal Recipient per disease/cross-cutting health systems strengthening (HSS)<sup>1</sup>**” or “**SSF**”. Single Streams of Funding have **fixed review and financial commitment cycles of up to three years**, called Implementation Periods, with the opportunity to add new funding to the single stream with each successful Round. A second core feature is an enhanced grant renewals process (‘Periodic Review’), which takes place before the end of each Implementation Period to review a country's disease/HSS program. The final element of the new grant architecture is access to funding. In order to support the changes in the way that Single Streams of Funding are managed and performance is assessed, the Global Fund will modify its system for applying for new funding. Starting with Round 11, Single Streams of Funding will be created and maintained through consolidated proposals.

The many **benefits of Single Streams of Funding** include:

- improved alignment with in-country planning, reporting and review cycles;
- a strengthened performance-based funding model through program-based Periodic Reviews;
- more meaningful engagement of Country Coordinating Mechanisms at the time of proposal submission and Periodic Reviews; and
- decreased transaction costs for implementers and the Global Fund Secretariat.

There are some important differences to highlight as compared with the old system; including how funding agreements are maintained, performance is evaluated and new funding is accessed. These differences are summarized in a table below:

<sup>1</sup> Referred to as ‘disease/HSS program’ henceforth in the document.

	Old grant architecture	New grant architecture
<b>Grant agreements</b>	<ul style="list-style-type: none"> <li>Multiple, standalone funding agreements per PR per disease</li> <li>Fixed financial commitments and reporting based on Global Fund specific timelines</li> </ul>	<ul style="list-style-type: none"> <li>One funding agreement per PR per disease/HSS program (single stream of funding)</li> <li>Fixed up-to-three-year Implementation Periods for the disease/HSS program aligned with national cycles</li> </ul>
<b>Performance-based funding</b>	<ul style="list-style-type: none"> <li>Phase 2 review after 18 months of implementation</li> <li>Phase 2 reviews tied to individual grants with separate reviews for different PRs in same disease program</li> <li>Timing of review often too early in implementation to incorporate critical outcome/impact survey information and insufficient time to negotiate Phase 2 grant documents</li> </ul>	<ul style="list-style-type: none"> <li>Periodic reviews based on up to three years of implementation</li> <li>Periodic reviews of the full Global-Fund financed portion of the program (all PRs together for the disease/HSS program)</li> <li>Longer review periods will allow for more complete review of outcome/impact information and more time to negotiate SSF documents for the next Implementation Period</li> </ul>
<b>Access to new funding</b>	<ul style="list-style-type: none"> <li>Fragmented, project-style proposals for new activities without linking to existing grants</li> <li>Inability to revise previously approved activities for better adherence with new disease control policies and strategies</li> </ul>	<ul style="list-style-type: none"> <li>Application for funding via consolidated proposal</li> <li>Ability to reprogram existing activities through consolidated proposals and propose a revised strategy going forward</li> <li>Shift towards a national program approach for planning</li> </ul>

## 2. Single stream of funding per Principal Recipient per disease/HSS program

A Single Stream of Funding simply means that a **Principal Recipient will have a single funding agreement with the Global Fund for a disease/HSS program**, which will then be amended each time additional funding in the same component is approved and at the time of Periodic Review. This is in contrast to the old system under which each newly approved proposal resulted in a separate grant agreement with its own budget, performance framework, and reporting cycle. Single Streams of Funding will be subject to some of the same features as an existing grant, e.g. Single Streams of Funding will still maintain the Global Fund’s policy dual-track financing (i.e. where there are two or more Principal Recipients for a disease or cross-cutting health systems strengthening program, a Single Stream of Funding will be maintained for each of them); conform to the Global Fund’s principle of performance-based funding; and Single Streams of Funding will still go through intensive Periodic Reviews (replacing Phase 2 Reviews). Principal Recipients managing Single Streams of Funding for different disease/HSS programs will have a funding agreement for each, e.g. one HIV single stream, one TB single stream, one malaria single stream, and one cross-cutting health systems strengthening single stream.

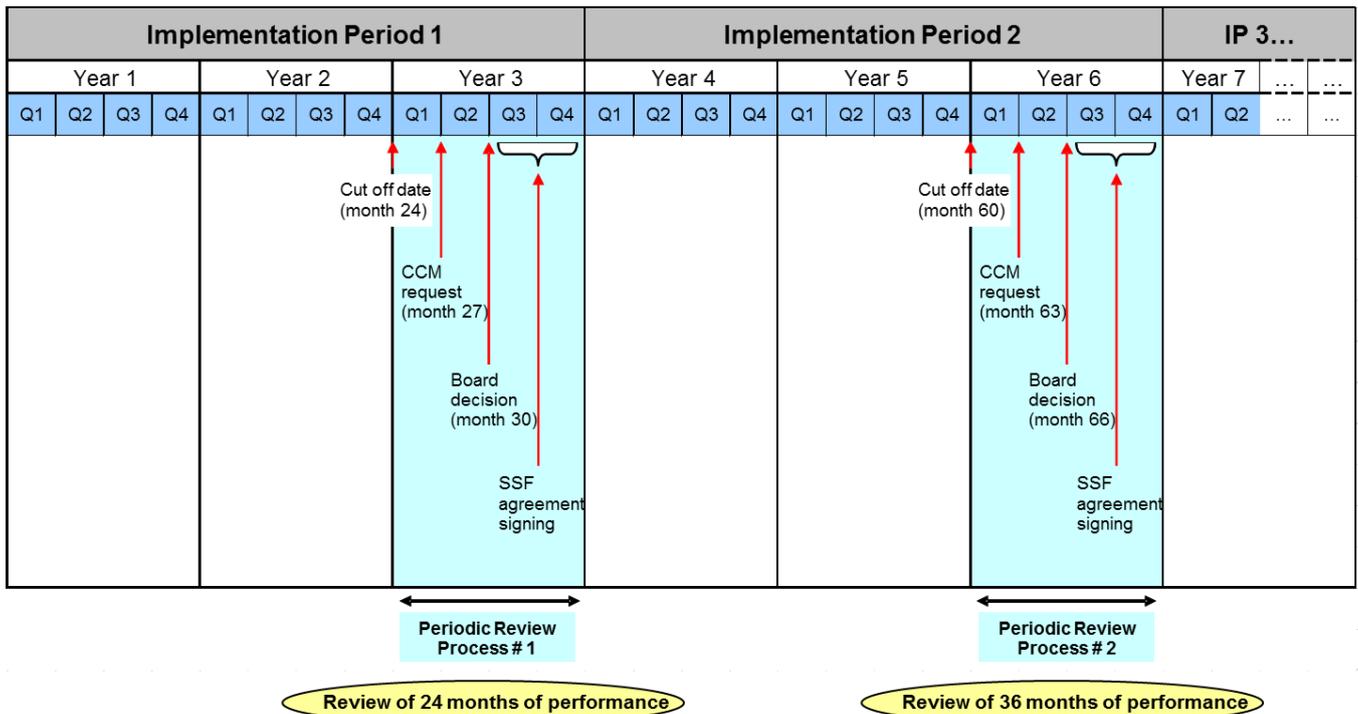
A key difference between an existing grant and a Single Stream of Funding has to do with how funding is committed over time. Whereas existing grants each have financial commitments and reporting based on Global Fund specific timelines (i.e., based on the start date of the grant), **Single Streams of Funding will have fixed regular Implementation Periods for the disease/HSS program of up to three years, which remain unchanged by the introduction of new funds.** These Implementation Periods will be set by countries based on the in-country cycle (e.g. fiscal, national reporting cycles etc) chosen at the time of transition.

### 3. Periodic Reviews

Single Streams of Funding will have fixed Periodic Reviews once every Implementation Period, which will replace the Phase 2 Review. The Periodic Review will take place at least once every three years and should be scheduled to correspond with ongoing in-country review processes (e.g. annual surveillance reports, periodic Demographic and Health Surveys, etc.).

The Periodic Review will look at the entirety of Global Fund funding in a disease/HSS program (for all Principal Recipients), and will be an in-depth evaluation of programmatic performance, progress towards proposal goals and impact achieved, and efficient and correct use of funds, which will then determine funding levels for the next Implementation Period. However, unlike the Phase 2 Review which requires a Principal Recipient to have a separate performance review for each of its grants (e.g. one for its Round 8 HIV grant and a separate one for its Round 10 HIV grant), **the Periodic Review will take place at the same time for all Principal Recipients implementing in the disease/HSS program**, which will determine the funding commitment for the next Implementation Period for each Principal Recipient. While each Principal Recipient will continue to receive individual performance ratings, evaluating all Principal Recipients implementing in a disease/HSS program simultaneously will provide a more complete picture of the outcomes and impact achieved and linkages within the program.

The additional financial commitment decision should be made six months prior to the start of the next Implementation Period to allow a sufficient buffer so that the next phase of the funding agreement can be negotiated and signed without a funding extension. See figure below for key timeline for the Periodic Review process:



#### **4. Access to New Funding**

Starting with R11, applicants will be required to submit a consolidated proposal. A consolidated proposal is a complete programmatic picture of the funding requested from the Global Fund for a disease/HSS program for the duration of the proposal term (i.e., up to five years). Consolidated proposals give applicants the opportunity to reflect on the progress made towards addressing the disease with their existing Global Fund grants, and propose a revised strategy going forward based on the changes triggered by a number of events, for example: the release of new technical guidance which requires significant investment; a change to the epidemiological pattern of a disease in a country; major fluctuations in the price of goods/services procured under the program; acceleration of program implementation; or changes in the program implementation due to exceptional circumstances in the country. This revised strategy should also build upon lessons learned and adjust for any weaknesses or gaps identified in existing program implementation. If approved, that proposal will be signed:

- if the country has not transitioned to the new grant architecture for a given disease/HSS program
  - into a single stream of funding agreement per Principal Recipient, which will replace the existing grant(s); or
- if the country is receiving funding for the first time for a given disease/HSS program - into a single stream of funding agreement per Principal Recipient; or
- if the country has transitioned to the new grant architecture for a given disease/HSS program - as an amendment to an existing single stream of funding agreement for a Principal Recipient. A newly nominated Principal Recipient in this situation would sign a new single stream of funding agreement and align their financial commitment and Periodic Review cycles with existing Principal Recipients implementing in the disease/HSS program.

Additionally starting with Round 11, applicants will be able to apply for cross-cutting Health Systems Strengthening funding on a “stand-alone” basis. In the past, applicants could only apply for cross-cutting Health Systems Strengthening funding (old 4B/5B in the proposal form) if the request was attached to at least one of the three disease components.

Moving forward consolidated proposals will be the means for creating and maintaining Single Streams of Funding for disease/HSS programs.

#### **5. Transition to Single Streams of Funding<sup>2</sup>**

The Global Fund Secretariat is currently working with countries to transition grants to Single Streams of Funding, on an optional basis through grant signings or at the time of Phase 2. To facilitate the process, more flexible policies for transitioning grants to Single Streams of Funding were approved by the Global Fund Board. The following **flexibilities** are available to countries that are interested in **transitioning to Single Streams of Funding**:

<sup>2</sup> Please refer to Checklist for transitioning to Single Stream of Funding:  
[http://www.theglobalfund.org/documents/core/grant\\_architecture/Core\\_TransitionToSSF\\_Checklist\\_en.pdf](http://www.theglobalfund.org/documents/core/grant_architecture/Core_TransitionToSSF_Checklist_en.pdf)

- ability to set Single Stream of Funding Implementation Period dates to align with in-country cycles;
- ability to make reasonable adjustments to the length of the funding commitment period and the related implementation activities and performance targets; and
- ability to bring forward up to 12 months of Phase 2 funding (in line with board funding policies) in order to consolidate grants and to align with national reporting cycles.

**Starting with Round 11**, Single Streams of Funding will be created and maintained through consolidated proposals on a mandatory basis.

**For more information:**

If you would like to discuss the recent changes to the Global Fund’s grant model and how it will affect you, please contact your Fund Portfolio Manager or send us an e-mail at: [ARCInbox@theglobalfund.org](mailto:ARCInbox@theglobalfund.org) (with a copy to the Fund Portfolio Manager).