UPDATE ON THE IMPLEMENTATION OF THE NEW GRANT ARCHITECTURE
This report was published in March 2010.
INTRODUCTION
Following the Board’s decision in November 2009 approving the design and policies for the new Global Fund grant architecture, implementation is well underway. The Secretariat has developed a comprehensive implementation work plan, allocated significant staff resources, and is currently on track to fully deliver against the outputs and timelines laid out in the Board’s decision.

CONTEXT FOR THE GRANT ARCHITECTURE REVIEW
The Global Fund to Fight AIDS, Tuberculosis and Malaria was established in 2002 in response to an acknowledged need to increase global spending in the fight against the three diseases.

Since then, much has changed in the field of global public health and international aid. The Paris Declaration, endorsed in March 2005, committed countries and aid agencies to increase efforts on alignment, harmonization and managing aid for results. In line with that declaration and the Accra Agenda for Action (September 2008), the world has increased its attention and resources towards sound national strategies, systems strengthening and country ownership.

It is in recognition of these changes, and in the spirit of continuous improvement and innovation, that the grant architecture review was undertaken. The Global Fund’s existing grant architecture was designed at its inception primarily to support new programs. This architecture has been added to “piece by piece” over time. Seven years on, the Global Fund supports programs for the three diseases and health systems in almost all eligible countries. Increasingly, the funding needs of applicants are not to start programs, but to expand or extend existing ones, and to ensure program and service sustainability.

NEW GRANT ARCHITECTURE DESIGN
The architecture review initially began as an attempt to address challenges in the implementation of the Rolling Continuation Channel and grant consolidation. It soon emerged that the underlying drivers of the problems were not the policies or intents of these initiatives themselves, but rather a broader mismatching of Global Fund-specific systems and timings to in-country realities.

The new grant architecture will feature a “Single Stream of Funding per Principal Recipient”, per disease. Under this model, the Global Fund will maintain only one grant agreement for each Principal Recipient in a disease area, which will be updated each time a new proposal for funding is approved. This is in contrast to the current model, in which each newly approved proposal results in a separate grant agreement, budget and indicators. Where there are two or more Principal Recipients for a country disease program, a single stream of funding will be maintained for each Principal Recipient.
The new model of a single stream of funding, per Principal Recipient, per disease will more accurately reflect the long-term funding relationship that the Global Fund is maintaining with countries, enable a more holistic approach to managing the diseases and facilitate a move towards program-based financing. The new model will also place the Global Fund in a better position to support a national program approach, including alignment with national reporting cycles and planned surveys.

**Graphic representation of current vs. new grant architecture:**

Periodic reviews will continue to inform future funding commitments, but will reflect the progress of the entire Global Fund-financed portion of the disease program, rather than each individual grant separately. All Principal Recipients will be assessed at the same time, with reviews and reporting better aligned to national program cycles. This will enable the Global Fund to interact more meaningfully with and encourage robust in-country program reviews.

The new grant architecture will also feature important changes to the Global Fund’s access to funding (proposal) systems, which will streamline application processes and more explicitly encourage program-based resource planning.

These reforms will simplify the Global Fund’s operating model, improve alignment and harmonization and promote a more program-based approach in resource planning, performance management and funding decisions.

**IMPLEMENTATION SETUP**

At its Twentieth Meeting in Addis Ababa in November 2009, the Board approved the design and policies for the Global Fund’s new grant architecture. Implementing this decision is currently the highest operational priority for the Secretariat.

The Secretariat has developed a comprehensive implementation work plan, organized around three primary workstreams, each of which is led by a responsible team within the Secretariat:
- Transition to single streams of funding per Principal Recipient, per disease (Country Programs)
- The new application system (Country Proposals)
- The new periodic reviews system (Monitoring and Evaluation)

These workstreams all require a strong collaborative effort across the Secretariat. As such, significant additional capacity has been devoted to the project from all key teams.

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Finally, a Project Management Team has been created, which is responsible for managing the work plan, communications, partnerships and governance elements of the grant architecture implementation. This team reports directly to the Deputy Executive Director, who has primary oversight over the project. Reflecting the intensely cross-functional nature of the architecture implementation, and in an effort to devote the appropriate level of resources to this high-priority initiative under current resource constraints, the Project Management Team has been formed entirely through “special assignment secondments” from different units throughout the Secretariat.

PROGRESS UPDATE

The Global Fund is fully on-track to deliver on the outcomes and timelines set out by the Board’s decision:

**Transition to Single Streams of Funding:** The Secretariat has mapped out possible opportunities for consolidating grants over the coming year. Approximately 60 consolidation opportunities are being explored at this time, on the basis of feasibility and country interest. These figures are still preliminary, and consolidation is voluntary at this time, but the high level of interest from implementers is an indication that there will likely be a significant number of countries transitioning their grants to single streams of funding per Principal Recipient, per disease within the first year of the grant architecture implementation. One of the highest-priority areas of work at this time is therefore providing the necessary training, guidance and country-tailored support for these consolidations.

**New access to funding systems:** Under the new grant architecture, proposals will no longer be submitted on a grant-by-grant, Principal Recipient-by-Principal Recipient project basis. Instead, funding requests will be made through consolidated proposals, presenting the full picture of the country’s funding needs across different Principal Recipients. This approach will encourage more program-based resource planning in countries, and will be the primary means by which single streams of funding will be maintained over the longer term. As per the Board’s decision, the Secretariat will offer this approach on a voluntary basis for Round 10. The approach will be adopted as the default mode for applications in subsequent rounds, which will be further supported by a major redesign of the current application system. These changes will facilitate the consolidated approach for applications, simplify the proposal process for countries, and facilitate a more explicit link between past programming and performance and future funding requests.

**New periodic reviews:** The Global Fund will begin to review grants under the new periodic reviews policy in early 2011. These more program-based periodic reviews will begin to apply to country disease programs after they have completed the prerequisite alignment and consolidation steps.

**Communications and outreach** is another area of work that the Secretariat is also currently pursuing with urgency, to ensure that all stakeholders are given the opportunity to understand the new grant architecture design, its intended benefits, the expected impact on stakeholders’ work, and the timing of the coming changes. Fund Portfolio Managers will continue to be the Global Fund’s primary contact point with countries, and much effort is going into training Fund Portfolio Managers and ensuring that they are able to appropriately advise and guide countries on the new grant architecture. Beyond that, the Secretariat is implementing an extensive communications and outreach plan. A number of communications and materials and guidance documents have already been produced and placed on an architecture-specific page on the Global Fund website. Finally, an “architecture inbox” email address has been created (ARCinbox@theglobalfund.org), to which stakeholders can write with questions or requests for information on the new grant architecture.

Further progress updates will continue to be provided to the Board and its committees.

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1. *Periodic Reviews and Commitments Policy, GF/B20/4 Annex 2a, Version 2*
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