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Grant Consolidation and the Single Stream of Funding

An Aidspan Q&A

The purpose of this Question and Answer document (Q&A) is to provide readers with a basic understanding of the concepts of grant consolidation and the single stream of funding, and of how Global Fund applicants and implementers will be affected. This is not an “everything you ever wanted to know” document. More complete information is provided in the documents released by the Global Fund (listed at the end of this Q&A).

To fully understand the concepts of grant consolidation and single stream of funding, readers should review all of the questions, in the order they are presented.

1. What is the “single stream of funding”?

The single stream of funding is a feature of the new grant architecture adopted by the Global Fund whereby each principal recipient (PR) will have only one grant agreement for each disease area for which it receives funding – with the grant agreement being updated each time a new proposal for funding for the same disease and PR is approved. This will improve grant management for both PRs and the Global Fund by, among other things, considerably reducing the administrative workload. Each single-stream-of-funding grant agreement will be signed by the Fund with just one PR – which is no different from how grant agreements work now. Where there are multiple PRs, a single-stream-of-funding grant agreement will be signed with each of them. Use of single-stream-of-funding grant agreements will be implemented gradually over the next few years.

2. What is “grant consolidation”?

Grant consolidation is the process by which two or more grants are combined into one, under a single PR. It is an important step in transitioning to a single stream of funding. The grants being consolidated can have the same PR, or they can have different PRs, but the consolidated grant can have only a single PR (see Example III in Question 8). Consolidating existing grants does not make more funding available, but it is an opportunity to reallocate how existing funding is used.

3. Which grants are eligible for consolidation?

If there are two or more grants for the same disease, then these grants are eligible for consolidation – providing that each grant has at least one year left to run at the time of consolidation.

4. In what ways can grants be consolidated?

Grants can be consolidated in two ways: (1) during the proposal process; or (2) outside the proposal process.

5. How can grants be consolidated during the proposal process?

If you are submitting a disease proposal in Round 10, and if there are one or more existing grants for that disease that are eligible for consolidation, and if your proposal is approved, you have the option of consolidating at the time of grant negotiations. You can do this using one of two methods: (1) by submitting a *consolidated disease proposal*, which includes information on both the new activities and any relevant existing grants; or (2) by submitting a regular proposal, which includes only information on the new activities, but indicating that should your proposal be approved for funding, you wish to consolidate the new activities with one or more of the existing grants.

6. What is a consolidated disease proposal?

A consolidated disease proposal is one in which you show all of the funding needs requested from the Global Fund during the (up to) five-year period covered by the proposal. This would include both new activities and costs for a disease, as well as activities and costs from all existing grants for that disease (except grants that will have less than 12 months to run from the planned start date for the new activities submitted in the proposal). A consolidated disease proposal, therefore, presents one, harmonised picture of the proposed service delivery areas, objectives, activities and indicators for the Global Fund-funded portion of a national disease programme. This approach provides the opportunity for a country to change activities from previously approved proposals (for example, because of a change in epidemiology or national guidelines). A consolidated disease proposal can involve one PR or multiple PRs.

If you submit a consolidated disease proposal in Round 10 with the intention of consolidating one or more existing grants with new activities contained in the consolidated disease proposal, then most of the work involved in the consolidation is done when you prepare your proposal. Submitting a consolidated disease proposal in Round 10 is optional. Starting in Round 11, however, if you are submitting a proposal, that proposal has to be a consolidated disease proposal.

7. How can consolidation happen outside the proposal process?

If you want to consolidate two or more existing grants, you can do so at any time, quite independent of the proposal process. Grant consolidations are generally easier to do during the grant negotiations for a recently approved proposal, or if at least one of the grants being consolidated has reached a milestone, such as Phase 2 Renewal.

8. Do the grants being consolidated have to have the same PR?

Not necessarily, though that is usually what happens.

Example I: Country X has two malaria grants, both being managed by PR A. They can be consolidated into one grant under PR A. In this example, all of the grants being consolidated do have the same PR.

If a country has multiple grants for a disease with multiple PRs, usually only grants involving the same PR are consolidated.

Example II: Country X has three malaria grants, two being managed by PR A and one by PR B. Typically, the two grants under PR A would be consolidated into one grant, while the grant under PR B would remain as is.

However, it is possible to consolidate under one PR grants that currently have more than one PR.

Example III: Country X has three malaria grants, two being managed by PR A and one by PR B. The three grants can be consolidated under PR A – or, for that matter, under PR B or even a new PR (PR C).

But Example III – where grants involving multiple PRs are consolidated under one PR – describes a scenario that is not typical of grant consolidation. Grant consolidation is usually about consolidating grants under the same PR. A decision to consolidate grants involving multiple PRs under one PR would reflect a desire by the CCM to make a change in its line-up of PRs.

9. Is grant consolidation mandatory?

It depends. The best way to explain it is through the use of scenarios. Three scenarios are shown below; only in Scenario 3 is grant consolidation mandatory.

SCENARIO 1: IF you have existing grants for the same disease and the same PR, and if these grants are eligible for consolidation, and if you are not submitting a proposal in Round 10 or Round 11 (or in any subsequent round) for the same disease and PR, **you are not required to consolidate these grants**. But you can consolidate them if you choose to.

SCENARIO 2: IF you have one or more existing grants for the same disease and the same PR, and if these grants are eligible for consolidation, and if you are submitting a proposal in Round 10 for the same disease and PR, **you are not required to consolidate these grants**. But you can consolidate them if you choose to.

Note

It is not possible to cover every possible situation in the examples provided in this Q&A. If you are uncertain as to exactly what your options and obligations are, please contact the Global Fund.

SCENARIO 3: If you have one or more existing grants for the same disease and the same PR, and if these grants are eligible for consolidation, and if you are submitting a proposal in Round 11 (or in any subsequent round) for the same disease and PR, **you will be required to consolidate these grants** if your proposal is approved.

Note: In all of the examples below, it is assumed that existing grants have considerable time left to run.

Example I: Country X has an HIV grant being managed by PR A. Country X submits an HIV proposal in Round 11 and nominates PR A to manage the new activities in the proposal. If the Round 11 proposal is approved, grant consolidation will be mandatory at that time. The existing HIV grant will be consolidated with the new activities in the Round 11 proposal.

Example II: Country X has two HIV grants, one being managed by PR A, the other by PR B. Country X submits an HIV proposal in Round 11 and nominates PR A to manage the new activities in the proposal. If the Round 11 proposal is approved, grant consolidation will be mandatory (at that time) for the grant involving PR A. That grant will be consolidated with the new activities in the Round 11 proposal. But the grant being managed by PR B will not have to be included in the consolidation.

Example III: Country X has two HIV grants, both being managed by PR A. Country X submits an HIV proposal in Round 11 and nominates PR A to manage the new activities in the proposal. If the Round 11 proposal is approved, grant consolidation will be mandatory at that time. However, if the proposal is not approved, Country X will not be required to consolidate the two existing grants being managed by PR A.

Note: If you have a newly approved proposal (presumably a Round 9 proposal) for which the grant agreement is not yet signed, the rules are the same as for existing grants. In other words, in the three scenarios above, where it says “existing grants,” this includes newly approved proposals for which a grant agreement has not yet been signed.

10. Is submitting a consolidated disease proposal mandatory?

Yes, starting in Round 11. It is not mandatory for Round 10.

11. Aren't “grant consolidation” and “consolidated disease proposals” the same thing?

No. But the fact that both terms contain the word “consolidate” does create confusion. As explained above, grant consolidation involves merging multiple grants into one. Consolidated disease proposals are proposals that cover all of the funding needs from the Global Fund for a given disease. Submitting a consolidated disease proposal does not always lead to grants being consolidated.

12. Will the new architecture reduce the flexibility we now have with respect to how grants are managed?

No, not at all. Let's take a hypothetical scenario – Country X has Round 8 TB grants for PRs A and B, and is submitting a consolidated TB proposal in Round 11. The country has several options, including the following (the list is not exhaustive):

Option 1: Country X could propose new activities and new funding for both PRs A and B. If the proposal is approved, this would result in single-stream-of-funding grant agreements with each PR. In the process, PR A's Round 8 TB grant agreement would be consolidated with the new activities for PR A in the Round 11 proposal. And PR B's Round 8 TB grant agreement would be consolidated with the new activities for PR B in the Round 11 proposal.

Option 2: Country X could propose new activities and new funding for PR A, but not change anything for PR B. If the proposal is approved, this would result in a single-stream-of-funding grant agreement with PR A. In the process, PR A's Round 8 TB grant agreement would be consolidated with the new activities for PR A in the Round 11 proposal. But PR B's existing grant agreement would remain as is.

Option 3: Country X could propose new activities and new funding for a new PR (PR C), but not change anything for PRs A and B. If the proposal is approved, this would result in a single-stream-of-funding grant agreement with PR C. But the existing grant agreements with PRs A and B would remain as they are. Under this option, no grants are consolidated.

Option 4: Country X could propose adding activities and funding for both PRs A and B, and, in the process, significantly alter the activities that had been approved under the Round 8 grants, due to changes in the country's epidemiology or TB guidelines. As is the case in Option 1 above, if the proposal is approved, this would result in single-stream-of-funding grant agreements with each PR. In the process, PR A's Round 8 TB grant agreement would be consolidated with the new and altered activities for PR A in the Round 11 proposal. And PR B's Round 8 TB grant agreement would be consolidated with the new and altered activities for PR B in the Round 11 proposal.

13. Will consolidated disease proposals submitted in Round 11 and beyond still cover up to a five-year period?

Yes. That will not change.

14. With the single stream of funding, will the Global Fund still need rounds?

Yes. Whether they are called rounds or not, there will still be "application windows," in which the TRP reviews new applications for funding and the Board approves recommended proposals. Applicants will be able to submit proposals to extend existing activities in, or add new activities to, existing single-stream-of-funding grant agreements. Applicants will also be able to submit proposals that nominate a new PR – i.e., a PR that isn't already managing an existing grant. If such a proposal were approved, the Global Fund would sign a new single-stream-of-funding agreement with the new PR. New applications can also suggest changing or removing a PR.

One difference under the new grant architecture is that grants will no longer be referred to by the round under which they were approved. So, for example, instead of having a Round 4, a Round 6 and a Round 7 malaria grant for a given PR, that PR will just have one single-stream-of-funding grant for malaria.

15. With the single stream of funding, can a country still change PRs?

Yes. This is one feature of the current architecture that will not change. When a country submits an application for new funding, it can retain, change or add to existing PRs. It can also change PRs at any time during the implementation of the grants, though this tends to happen at the time of Requests for Additional Funding (known as “Phase 2 Renewal” under the current architecture).

16. If we have a PR that has just one grant for a given disease, how are we affected?

Since there’s only one PR and only one grant, there won’t be any reason for you to consolidate. (The Global Fund says that it will still want to ensure that your grant is aligned to in-country cycles, but this is a separate process.)

17. How do national strategy applications fit into the new architecture?

Since NSAs are based on national strategies, and feature a programme-based approach to requesting funding (as opposed to a project-based approach), they naturally fit very well with the single-stream-of-funding concept. So, although it is not mandatory to consolidate NSA-derived grants with other grants for the same disease and PR, in practice this is probably what will happen.

18. How is dual-track financing affected by the new architecture?

It isn’t affected. The Global Fund is still promoting the use of PRs from both the government and non-government sectors. Single-stream-of-funding grants are per disease per PR. The Global Fund is not promoting the idea of consolidating PRs; rather, it is promoting the idea of consolidating grants under each PR.

19. What is involved in the grant consolidation process?

It can be a complicated process, so we can’t explain it fully here. In short, grant consolidation involves harmonising and merging the objectives, service delivery areas, activities, indicators, targets and budgets from the various grants being consolidated. It also involves aligning reporting periods, and revising M&E Plans and Pharmaceutical and Other Health Product Plans.

20. How will single-stream-of-funding grants work?

They will work much the same as existing grants, but with some noticeable differences. These differences include the following:

- The first grant agreement will be for up to three years (unlike two years, at present).
- Implementation periods will usually be three years (unlike the two-year Phase 1 and three-year Phase 2, at present).
- Grants will be assessed on a regular schedule, towards the end of each implementation period (which usually runs for three years). The current Phase 2 reviews after the first two years will eventually be phased out.
- All grants for the same disease will be assessed at the same time (even though they involve different PRs).
- Similarly, countries will have to submit Requests for Additional Funding for all grants for the same disease at the same time.

Thus, under the single stream of funding, where there are multiple PRs, review and commitment cycles (“Phase 2 reviews” and “Phase 2 Renewals” under the current architecture) will be aligned for the different PRs in a disease area. This will enable the periodic performance reviews to be conducted across the entire disease portfolio. Funding will be renewed for each PR according to its own performance, but funding decisions will be made with the benefit of a “bigger picture” review.

The following documents on grant consolidation are available from the Global Fund:

- *New Grant Architecture – Concept Note* [the Global Fund’s website calls this the “Architecture High Level Concept Note”]
- *Fact Sheet for Implementers*
- *New Global Fund Grant Architecture: Frequently Asked Questions*
- *Single Stream of Funding Consolidated Performance Framework* (for use in Round 10 proposals)

All of these documents are at www.theglobalfund.org/en/grantarchitecture.

Questions about the new grant architecture can be submitted to the Global Fund Secretariat at: ARCinbox@theglobalfund.org.

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