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# The Global Fund

To Fight AIDS, Tuberculosis and Malaria

Sixteenth Board Meeting  
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GF/B16/6  
Annex 3

## ANNEX 3 TO THE REPORT OF THE POLICY AND STRATEGY COMMITTEE

### LESSONS LEARNED FROM WAVE 1 OF THE ROLLING CONTINUATION CHANNEL

#### PART 1: BACKGROUND

1. The Rolling Continuation Channel (RCC) is the funding channel recently introduced to benefit strongly-performing grants. The intention of the Board in establishing the RCC was to provide a more streamlined opportunity for strongly-performing grants to request continued funding.
2. The accessibility of the RCC to only strongly-performing grants also led to an expectation that these applications would enjoy a higher approval rate in their RCC applications than under the Rounds-Based Channel. At least in the first wave, this has not transpired. For those not recommended, the consequence is equivalent to a 'No Go' determination.
3. It is premature to draw conclusions from the outcome of one RCC wave alone. However, recommendations of this first wave have given rise to concerns amongst a number of constituencies. In total 13 constituencies have called for a comprehensive analysis of the low success rate for RCC proposals. Many supported the view that a Board decision on the 5 applications not recommended for funding should be deferred and the recommendations reevaluated in light of that analysis and any policy changes resulting from it.
4. At the request of the Chair of the Board, the Policy and Strategy Committee considered the outcome of the 1<sup>st</sup> wave at an extraordinary meeting held on the 11<sup>th</sup> November 2007 and, pending implementation of outcomes from a more comprehensive review of the RCC architecture, recommends for Board decision changes to the RCC policy and decision-making process and a way forward for the Wave 1 applications.

#### PART 2: RATIONALE FOR RECOMMENDATIONS

1. The intent of the Board was that continuing funding for qualified strongly-performing grants under the RCC should be more streamlined. The policy notes that "*The proposal submission and review process shall be as light as possible, without sacrificing technical rigor*". The Board decision also directs that "*...proposals shall undergo a level of technical review as rigorous as that for the rounds-based channel*".
2. The TRP in turn refers to this language in its report and notes that it "*ensured that it followed the decision of the Board*" and that "*proposals were considered as a request for new funding, rather than proposals with pre-confirmed access to funding*". At its extraordinary meeting on 11<sup>th</sup>

November 2007 the PSC recognized that, whilst the Board did not intend to provide 'pre-confirmed' funding, it is also unlikely that the Board expected RCC proposals to be viewed similar to requests for new grants.

3. Especially with the benefit of hindsight gained from this first wave, it is worth asking whether the original intent of RCC has been fully realized in the policy and in its implementation.

4. The Secretariat recently briefed the PSC on certain architecture challenges facing the RCC. Pursuant to this, the PSC mandated the Secretariat to recommend changes for consideration at the next PSC meeting. This review will look more widely at all funding channels (i.e. not simply the RCC) and also ways in which to simplify processes and align them more directly with core objectives. Implementing the outcomes from such an evaluation however will take time. It will not benefit Wave 1 or the RCC waves through much of 2008.

### **PART 3: RECOMMENDED REFINEMENTS TO POLICY**

1. The refinements to policy that the PSC now recommends to the Board are:

a. Allowing unsuccessful RCC applicants to resubmit proposals in the next available RCC wave. Currently RCC applicants not recommended for funding must wait for the next Round before being able to reapply. The recommendation is that a resubmission be possible through the next RCC wave. The TRP recommendation categories would be amended to accommodate this and the TRP would be encouraged to provide very clear guidance on the weaknesses requiring modification before re-submission. A first time unsuccessful applicant would still retain its right of appeal, but would have the following options:

- I. Appeal the decision rather than resubmitting through the next wave; or
- II. Resubmit after modification and then appeal if its resubmission is unsuccessful.

An applicant would not be able to appeal and resubmit at the same time.

b. Clarifying the policy intent which defines the TRP review process. The PSC reaffirmed the importance of the independent nature of the TRP review. The TRP review should differentiate more actively between a new application and a continuation of a strongly-performing grant.

c. Ensuring an effective bridge funding mechanism to apply to cover the resubmission and appeal process. Providing those reapplying (through the resubmission process) or filing an appeal appropriate funding until a final board decision is made. This would be similar to the principles that apply in relation to Phase 2 decisions delayed due to the iterative process relating to 'No Go' and 'Revised Go' process steps. The bridge funding amount would be based on methodologies established for Exceptional Extension Funding, but with sufficient flexibility on the duration so that the particular circumstances of the grant can be taken in to account. Such bridge funding would be available to Wave 1 applicants.

2. With regard to the 5 Wave 1 applications not recommended for funding, the PSC recommends that the Board approve the recommendations on the basis that, in so doing, applicants will have the option to resubmit through another wave. This would provide the most rapid avenue for modified Wave 1 applications to be reconsidered for funding approval.

**Decision Point: Revision of the Rolling Continuation Channel for Strongly-performing Grants**

The Board refers to its decision at the Fourteenth Board Meeting (GF/B14/DP7) to establish the Rolling Continuation Channel as an alternative funding channel for strongly-performing grants that are reaching the end of their funding terms (“expiring grants”).

As an interim measure, pending the implementation of the outcomes of the review of the Rolling Continuation Channel architecture, the Board:

1. Decides to revise the Rolling Continuation Channel policy and procedures in regard to the role of the TRP and the avenues for recourse available to a CCM whose proposal is not recommended for funding after the first submission of a Rolling Continuation Channel proposal by:
  - a. amending paragraph 12 of the decision point (GF/B14/DP9) entitled ‘Establishment of a Rolling Continuation Channel’ (“RCC decision point”) as follows:
    12. All rolling continuation proposals shall undergo a level of an independent technical review by the TRP. Such review shall ensure that only technically appropriate interventions are funded, with consideration to the fact that the proposal is intended to ensure continued funding for expiring grants that have met the qualification requirements set out in paragraph 3 above, as rigorous as that for the rounds-based channel. This review shall be performed by the TRP
  - b. amending paragraphs 7 and 8 of the Board Decision-Making Procedure for the Rolling Continuation Channel (GF/B15/DP19) as follows:
    7. The effect of a Board decision to approve a TRP recommendation shall be as follows:
      - a. If the Board approves the a TRP recommendations to fund a RCC proposal, that decision will constitute an approval of the entire term of each such RCC proposal recommended for funding by the TRP, with a financial commitment for the initial three (3) years of the RCC proposal, with funding for the second phase subject to the approval of the Board based on a mid-term review;
      - b. If, after an initial submission of a given proposal under the RCC, the Board approves a TRP recommendation that the CCM resubmit a revised version of this proposal in the next wave of RCC proposals, the CCM shall have the option to:
        - i. revise its proposal based on the issues identified by the TRP during the initial review of the proposal, and submit the revised proposal in the next wave of Rolling Continuation Channel proposals (“revised proposal”); or
        - ii. file an appeal as described in paragraph c. below:

**If the CCM submits a revised proposal, the procedure described in paragraphs 2-6 above will be followed.**

**c. If the Board approves a TRP recommendation not to fund a proposal, the CCM may file an appeal of the decision not to approve the proposal in accordance with the Global Fund's Rules and Procedures for Appeals as the final avenue for recourse for the unsuccessful RCC proposal.**

**8. If the Board decides not to approve a TRP recommendation to fund, the decision making process that applies following a Board objection to a TRP funding recommendation under the Phase 2 Decision-Making Policies and Procedures, as amended from time to time, will be followed. If the Board objects to a TRP recommendation not to fund, then the matter will be referred to the Board at its next Board meeting.**

2. **Amends the description of 'Category 3' recommended proposals set out in Part 2 of Attachment 1 to the Terms of Reference of the Technical Review Panel by splitting 'Category 3' into two parts as follows:**

**Category 3a: (Applicable only upon initial submission) Not recommended for funding based on technical merit but strongly encouraged to resubmit a revised proposal, taking into account the issues raised by the TRP, for consideration in the next wave of Rolling Continuation Channel proposals.**

**Category 3b: (Applicable only upon re-submission) Not recommended for funding based on technical merit but encouraged to resubmit through the Rounds-Based Channel following major revision.**

3. **Approves all 'Category 3' recommendations in the Wave 1 TRP Report as if such recommendations were designated 'Category 3a' and requests the Secretariat to notify the relevant CCMs promptly of this decision and the option to resubmit in time for the third wave of RCC proposals.**
4. **Delegates authority to the Secretariat to modify the Rolling Continuation Channel application forms and guidelines to give effect to these modified principles.**
5. **Approves the procedure for providing additional funding ("Rolling Continuation Channel Bridge Funding") for expiring grants as set out in Attachment 1 to Annex 3 of document GF/B16/6.**

**This decision does not have material budgetary implications.**

Rolling Continuation Channel Bridge Funding

In the context of implementation of the RCC, the following measure has been introduced to provide additional, time-limited funding ("RCC Bridge Funding") to grant that are reaching the end of their funding terms ("Expiring Grants") in the circumstances described below.

1. The purpose of this measure is to provide additional funding under Expiring Grants for any RCC applicant that has not been approved for funding by the Board, and has or intends to resubmit an application or appeal the decision.
2. The Country Coordinating Mechanism ("CCM") or, if appropriate, in the case of a non-CCM proposal, the grant applicant that has oversight over the Expiring Grant shall normally make the application for RCC Bridge Funding of an Expiring Grant.
3. RCC Bridge Funding may be provided over a period beginning upon the expiry of the Expiring Grant's funding term and ending not later than six months after the Global Fund Board has made a final determination on the resubmitted RCC application and/or appeal.
4. The maximum RCC Bridge Funding under this decision shall be determined as follows:
  - a. the number of months in the period over which RCC Bridge Funding is to be provided,
  - b. *multiplied by:* the average monthly amount the Principal Recipient (PR) is expected to spend or has spent during Phase 2 of the program, based on the financial information set forth in the program budget contained in the grant agreement that covers the Expiring Grant,
  - c. *less:* any funds disbursed to the PR under the Expiring Grant agreement that are expected to be or are unspent or uncommitted at the end of Phase 2 of that grant and which can be employed during the RCC Bridge Funding period, and any funds available under the grant agreement that are expected to remain or have remained undisbursed at the end of Phase 2 of that grant and which can be made available during the RCC Bridge Funding period.
5. Applicants can submit a "request for RCC Bridge Funding" anytime subsequent to a decision by the Board not to approve an RCC application. The Global Fund Secretariat will review the requests made under this measure to assess reasonableness of the request having regard to criteria in paragraph 4.
6. If following provision of RCC Bridge Funding, another source of funding (including for example a grant under a subsequent successful RCC submission) is made available that will fully continue the activities financed under the Expiring Grant, the Secretariat shall adjust the RCC Bridge Funding so as to avoid duplicative financing of those activities.
7. The Board authorizes the Secretariat to approve any request for RCC Bridge Funding (or, if there are sufficient funds remaining under the Expiring Grant to cover the anticipated shortfall in funding, to extend the funding term of the related Grant Agreement) in conformity with the terms and conditions as set forth above. If the Secretariat approves a request for RCC Bridge Funding, the Secretariat will notify the Board, of the amount so provided at the same time that the TRP provides its subsequent RCC wave recommendations.