

The New Funding Model

OVERVIEW

The Global Fund's new funding model is to enable strategic investment for maximum impact.

The new model provides implementers with more flexible timing, better alignment with national strategies and greater predictability on the level of funding available. There is more active engagement with implementers and partners throughout grant application and implementation to ensure greater global impact.

Launch of the new funding model

A transition to the new funding model is underway. Access to funding in the transition phase is by invitation, and special consideration is given to countries in a position to achieve rapid impact, those at risk of service interruptions, and those currently receiving less than they would under the new funding model's allocation principles.

Full Implementation

Full implementation will begin in late 2013, once the level of available funding for the 2014-2016 cycle has been established.

KEY FEATURES

The new funding model has a number of key features that fundamentally change the way applicants apply for funding, get approval of their proposals and then manage their grants.

These include:

Flexible Timeline	Eligible countries may apply whenever desired during the three-year allocation period so that funding can be more in line with national budgeting cycles and country-specific demands.
Simplicity	A more streamlined concept note begins the process of applying for a grant.
Predictability	All eligible countries receive an indicative funding amount to provide more predictability. The Global Fund Secretariat adjusts these amounts to account for implementers' circumstances.
Focus on High Disease Burden & Low Resources	The new model allows the Global Fund to focus on countries with the highest disease burden and least ability to pay.
Enhanced Engagement	The Global Fund Secretariat engages more proactively in ongoing country-level dialogue, and provides early feedback prior to the Board's approval of grants. This iterative process should lead to the support of high-impact investments and ensure disbursements can take place as soon as grants are signed.
Improved Grant Management	Grant management in the new funding model is more responsive and pro-active, and oversight differs based on implementers' risk level.
“Unfunded Quality Demand”	Parts of concept notes reviewed by the Technical Review Panel (TRP) and considered technically sound, but for which financing from the Global Fund is not possible immediately, will be registered for possible funding by Global Fund or other donors when, and if, new resources become available.

ACCESS TO FUNDING

The transition to the new funding model begins now. New financing is available for a select number of countries, by invitation. The selection of countries is based on the following:

- Programs that are positioned to achieve rapid impact;
- Countries in which programs are at risk of service interruptions; and
- Countries that are currently receiving less than they would under the new funding model's allocation principles

Country selection has diversity in size, geography, capacity and proposal type, so that elements of the new funding model can be tested and refined.

Funding during the transition

Applicants currently eligible for Global Fund funding fall into one of three categories, during the transition period in 2013:

1. Early applicants	Applicants in countries that have been selected for new funding and will use the full process. Funding, including incentive funding, will be accessed by submitting a Concept Note.
2. Interim applicants	Applicants in countries that have been selected for new funding, but receive that money for renewals, grant extensions and redesigned programs that can make use of additional funds in 2013.
3. Standards applicants	Applicants that use 2013 to put in place the measures that will prepare them for accessing funding once the full new funding model begins, by strengthening national strategies and accelerating the country dialogue process.

ELIGIBILITY & ALLOCATION

Eligibility

The Global Fund's Eligibility, Counterpart Financing and Prioritization establish a country's eligibility for funding and for which disease component. As noted, participation in the transition to the new funding model will be by the invitation of eligible applicants.

Funding Amounts

Eligible countries receive an indicative funding amount over a three-year period, communicated by the Secretariat during the country dialogue process. Countries will develop their prioritized funding requests by taking into account this amount, and will have to prioritize their needs; applicants will also be encouraged to submit their full expression of demand to the Global Fund, which is the total amount of financing needed to finance a technically appropriate response to the disease.

An allocation formula will determine the indicative funding amount, which will be adjusted based on a number of qualitative criteria.

How will eligibility and the allocation formula work together?

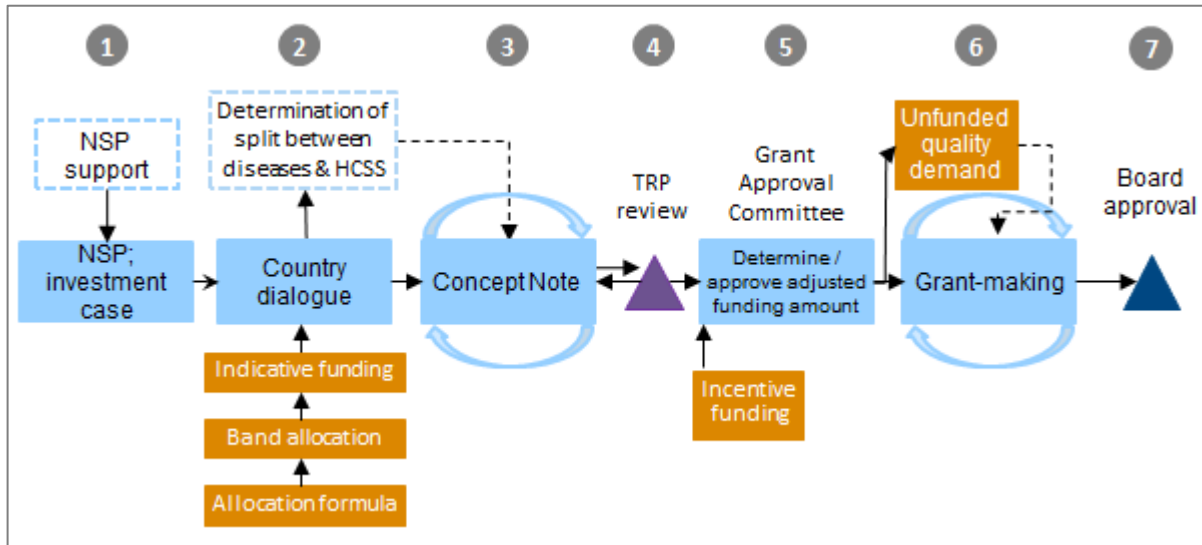
During 2013: The Global Fund is establishing the list of eligible countries for 2013.

For the full implementation of the new funding model: The Global Fund's Board will update the eligibility list and aspects of allocation prior to the full implementation of the new funding model. An indicative funding amount for the allocation period (three years) will then be communicated to each eligible country.

APPLICATION PROCESS

The new funding model contains a number of steps, from the design of a concept note to grant negotiations and Board approval.

The end-to-end process is illustrated in the figure below. During 2013, selected “early applicants” go through the application process, whereas “interim applicants” only experience certain elements.



The following describes each step in more detail.

1. Strengthening of national strategic plans

The Global Fund’s new funding model strongly encourages countries to base funding requests on quality national strategic plans and through national systems. For the purposes of developing a funding request to the Global Fund, national strategic plans should be developed using an inclusive multi-stakeholder process. Ideally, these plans will be jointly assessed through a credible, independent, multi-stakeholder process that uses internationally agreed frameworks.

Where a country does not have a national strategic plan, or where one is no longer current, then an investment case may be presented in the Concept Note in support of the funding request.

2. Alignment of the Global Fund’s process to existing country dialogue

Country Dialogue is a process that builds upon existing, on-going mechanisms and discussions that are happening in health and development in each country. It is not a Global Fund-specific process, and includes not only the CCM, but also key stakeholders such as Governments, donors, partners and civil society.

3. Design and submission of a concept note

Concept notes should be based on national strategic plans or an investment case.

The concept note is the mechanism to request financing from the Global Fund for any one of the three diseases or cross-cutting support for health and/or community systems-strengthening (HCSS). CCMs will submit the concept notes in most cases.

The concept note captures (i) a country's context, a description of national plan, (ii) request to the Global Fund, which consists of prioritized needs to be financed from the indicative funding amount, and (iii) the full expression of demand including additional interventions or program elements that could be covered by available incentive funding or if additional resources become available.

4. Independent review of concept notes by the TRP

The TRP continues to review new funding requests in an independent and transparent way, although its working methods are changing from past practice.

The TRP reviews all concept notes and make recommendations on the technical merit of the proposed activities to the Secretariat's Grant Approvals Committee. As part of this review, an enhanced dialogue takes place between the TRP and the Secretariat to provide relevant contextual and background information. If necessary, the TRP will undertake a further review prior to Board approval.

5. Determination of upper budget ceilings by the Grant Approvals Committee

If the TRP recommends a concept note proceed to grant-making, the Grant Approvals Committee will determine an upper ceiling for the budget of each grant, which will consider the TRP's recommendations and the application of qualitative factors. This final upper ceiling for grant-making will include funding available from a country's indicative funding amount and, if applicable, any available incentive funding.

6. Grant-making

In contrast to the previous funding model, the Global Fund Secretariat begins negotiating grants prior to requesting approval from the Global Fund Board, providing the Secretariat and implementers with greater flexibility during these negotiations. The Secretariat works with applicants to transform technically sound concept notes into disbursement-ready grants. The iterative process of country dialogue allows disbursements to take place as soon as grants are signed.

7. Approval of grants by the Global Fund Board

When a grant is ready for signature and deemed to be "disbursement-ready," the Global Fund Secretariat submits it to its Board for approval. Having negotiations take place before Board approval should significantly reduce the time it takes for implementers to receive funds once their grant documents are completed.

For more information, please refer to the new funding model on our website: <http://www.theglobalfund.org/en/activities/fundingmodel/>