

Information for Countries on the Global Fund's New Funding Model Questions and Answers

Purpose

This document is intended to provide a first overview of the Global Fund new funding model through a series of questions and answers on selected key points. It was prepared by a subgroup of the Joint Working Group convened by WHO. A number of details in the new funding model still need to be worked out, therefore this is an evolving document. This information is as of 21 December 2012 and is subject to revision.

Contents

1) Why is the Global Fund adopting a new funding model and how is it different?	2
2) Who will be involved in the Country Dialogue? Who should organize it?	3
3) What is a Concept Note?	3
4) What is the role of WHO, UNAIDS, UNDP and other technical partners?	3
5) What if countries do not have a strong National Strategic Plan in place?	3
6) When will the new funding model be implemented?	4
7) Which countries will participate in the transition to the new funding model?	4
8) What is the difference between the Transitional Funding Mechanism (TFM) and the new funding model?	4
9) How will resources flow in 2013 leading to the full implementation of the new funding model in 2014?	4
10) Will the adoption of the new funding model impact current Global Fund grants (including TFM grants)?	4
11) How will resources be allocated in the new funding model in 2014? What is the difference between indicative and incentive funding?	5
12) What are Country Bands and why have they been established?	5
13) When will the composition of Country Bands be announced?	6
14) Can Multi-Country and MARPs participate in the new funding model?	6
15) How long will the process take from the beginning (Country Dialogue) to disbursement of funds?	6
16) What is the duration of grants in the new funding model?	6
17) What will be the role of the Country Coordinating Mechanisms (CCM) in the new model?	6
18) When will the Technical Review Panel (TRP) meet?	6
19) What will happen if a country's Concept Note is reviewed positively, but there are not enough resources available at the time to finance its total request?	6
20) What is the role of the Global Fund Secretariat/ Country Teams in the new funding model?	7
21) What action can countries undertake at this stage?	7

1) Why is the Global Fund adopting a new funding model and how is it different?

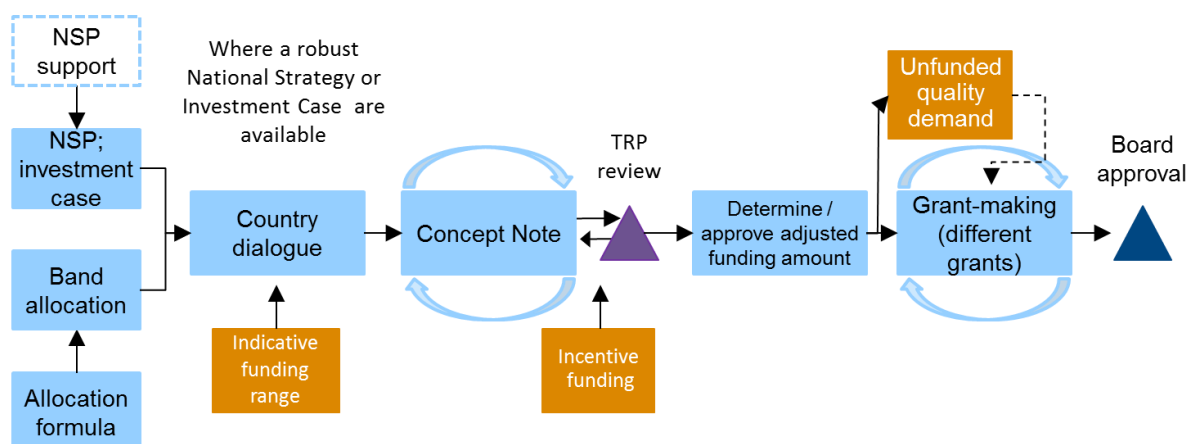
The High-Level Independent Review Panel on Fiduciary Controls and Oversight Mechanisms of the Global Fund published a report in September 2011. This report recommended instituting a new grant-making process. Following this recommendation and the adoption of the Global Fund Strategy 2012-2016, the Global Fund Board decided to develop a new funding process.

The new funding model was presented by the Global Fund Strategy Investment and Impact Committee (SIIC) at the 27th and 28th Board meetings in September and November 2012 and was adopted through three decision points (GF/B27/DP7, GF/B28/DP4, GF/B28/5).

Some of the differences between the previous round-based model and the new funding model are:

- The previous system based on rounds with fixed deadlines for applications is replaced by a more flexible one. Countries largely define their own timelines aligning their funding requests with their own national strategies, budget and planning cycles.
- Unlike the previous model which focused on Global Fund-specific projects and grants, the new funding model focuses on investing in national strategies where possible. Through the Country Dialogue process, the new model incentivizes high impact, well performing programmes and the submission of robust requests (through a Concept Note) based on national strategic plans and/or investment cases.
- The Concept Note is developed through a process called the Country Dialogue. Whenever possible, the Country Dialogue is likely to be based on existing processes of strategic planning for health and development at country level. The Country Dialogue will take place between Government, Civil Society, partners, donors and the Global Fund Secretariat. Stakeholders work together to optimize the health impact of Global Fund resources.
- In the past ten years the predictability and success rates of proposals have been low. The new funding model is likely to offer a higher predictability through the “indicative” funding range. In addition, the Country Dialogue allows a successful formulation of a Concept Note that is adapted to the context and technically sound.
- The previously cumbersome process to reach grant signing is replaced by a differentiated approach depending on country context. Grants will be ready to have disbursements as soon as they are approved by the Board.
- The Global Fund Secretariat is moving from a passive role in influencing investments to a more active portfolio management to optimize impact. Resources will be apportioned according to the Global Fund’s Strategy to ensure funding goes to countries with the highest disease burden and the least ability to pay, while also ensuring the Global Fund remains global.

Overview of end-to-end process of the new funding model



2) Who will be involved in the Country Dialogue? Who should organize it?

The Country Dialogue should be an inclusive process involving all in-country stakeholders (e.g. the Government, Civil Society, Technical Partners, other donors and the Global Fund Country Team). The Country Dialogue should be led and organized by the country, and build on existing and on-going country platforms (for example, the International Health Partnership (IHP+)) as much as possible in order to avoid duplication of procedures. Ideally, the Country Dialogue should be based on the national health vision and strategy, which includes the estimated financial gap that can be filled by the Global Fund. Countries need to decide the timing of these processes, the topics covered, as well as the links with other sectors.

3) What is a Concept Note?

Once the process for Country Dialogue is in place, and building on national strategies, countries develop a Concept Note. Ideally, one single Concept Note can be developed with different sections for HIV, tuberculosis, malaria and Health and Community Systems Strengthening (HCSS). Where appropriate, the applicant may apply for multiple components jointly (e.g. HIV/TB/HCSS). The Concept Note highlights areas of synergies between the different programmes. It describes the context, provides a situation analysis, prioritizes the needs and identifies the programmatic and financial gaps.

Depending on a country's cycles and resource needs, it is possible for a country to apply for each of the three diseases and HCSS at different times over the three-year allocation period.

4) What is the role of WHO, UNAIDS, UNDP and other technical partners?

The new funding model relies on a close partnership with technical partners at country level. WHO, UNAIDS and UNDP, with their country presence, can play important, context-relevant and differentiated, mutually reinforcing roles in supporting countries through the Country Dialogue and Concept Note processes. National strategic plans, programmatic and financial gaps are reviewed during that phase. In addition, UN and other technical partners can play a role at different levels:

- Support country ownership and leadership.
- Support the formulation of the National Health vision and Strategic Plan.
- Support the development of disease-specific plans fostering synergies and identifying opportunities for the Global Fund to support Health and Community Systems.
- Encourage alignment and harmonization with country systems to avoid fragmentation.
- Facilitate joint assessment of National Strategies to understand the country environment.
- Support countries in the Country Dialogue, Concept Notes development and iterative dialogue processes.
- Support countries to make informed decisions and to maximize access and use of both the "indicative" and "incentive" funding streams.
- Support countries in quality monitoring, steering processes and in evaluating the impact on the epidemics, health and community systems and more broadly on health MDGs.

5) What if countries do not have a strong National Strategic Plan in place?

In case a country does not have a National Health and Disease-specific Strategy, then the Concept Note can make a strong case for specific investments according to local epidemics and existing gaps. This is called making an "investment case". However, countries are also encouraged to work on strengthening their National Strategic Plan.

6) When will the new funding model be implemented?

Implementation of the new funding model will begin with a transition phase in 2013 involving a limited number of countries, and will be on an invitation-only basis. The full implementation of the funding model will start in 2014, following the Fourth Replenishment of the Global Fund.

7) Which countries will participate in the transition to the new funding model?

At the beginning of 2013, the Global Fund Secretariat will invite a limited number of countries and one multi-country process (see question 14) to participate in the transition phase based on the following criteria: significant underfunding of programmes over 2013-14 period, those with a risk of service disruption, as well as programmes positioned to achieve rapid impact. Selected countries will be diverse in size, geography, capacity and type of applicant (e.g. regional).

The transition phase will be used to gather lessons for the full implementation of the new funding model. Therefore, a subset of participating countries selected as described above will be asked to submit a Concept Note, thus piloting the full model.

If a country is likely to face a disruption of services before the full implementation of the new funding model, it is recommended that they contact the Global Fund Secretariat to assess the situation.

8) What is the difference between the Transitional Funding Mechanism (TFM) and the new funding model?

The TFM was a one-time mechanism established in 2011 when Round 11 was cancelled. The deadline for TFM applications was in March 2012. The TFM provided funding for the continuation of essential prevention, treatment and/or care services of the three diseases currently financed by the Global Fund. The TFM was therefore limited in scope and scale. On the other hand, the new funding model is a new approach that fundamentally changes the way resources are requested and accessed by countries, and invested and managed by countries and the Global Fund.

9) How will resources flow in 2013 leading to the full implementation of the new funding model in 2014?

Countries will be able to access funds in several ways in 2013 and 2014. Firstly, resources will continue to flow through existing grants, since grant renewals and TFM grant disbursements will continue as planned.

In addition, as mentioned above, a limited number of countries will be invited to participate in the transition to the new funding model, and will therefore receive new funds during 2013 and early 2014. This will include engaging in a Country Dialogue based on the National Strategic Plan or investment case (see question 5 for definition), which articulates the country's prioritized needs. These resources will flow almost exclusively through top-ups of existing grants, in the form of renewals and reprogramming.

10) Will the adoption of the new funding model impact current Global Fund grants (including TFM grants)?

Current Global Fund grants, including TFM grants, and grants scheduled for renewals will not be affected by the adoption of the new funding model. It is expected that new funding will continue to be signed into single streams of funding (SSF), where applicable.

The policy on eligibility, counterpart financing and prioritization (ECFP) will remain valid. The eligibility list is expected to be updated in 2013. The policy can be accessed here:

http://www.theglobalfund.org/documents/board/23/BM23_14PICPSCJEligibilityAttachment1_Policy_en/

All low income & lower-middle income countries are eligible; upper-middle income countries may be eligible depending on disease burden and a number of other criteria.

Countries invited to participate in the transition phase, will be asked to test the new model (e.g. the Country Dialogue) through their current grants, either during the grant renewal process or through reprogramming. Applicants that are invited to submit a funding request through a Concept Note will be able to test the end-to-end processes of the new model.

Moreover, it can be anticipated that countries not participating in the transition phase but requesting grant renewals, will be expected to begin to use some elements of the new funding model (such as conducting a financial and programmatic analysis).

11) How will resources be allocated in the new funding model in 2014? What is the difference between indicative and incentive funding?

The “indicative” funding range for each country, will be calculated using an allocation formula. This formula is based on a country’s disease burden and its Gross National Income (GNI) per capita.

The Global Fund Secretariat will determine final levels of funding by adjusting the “indicative” range amount for each country by taking into account a number of qualitative factors: major sources of external financing; minimum funding levels; “willingness to pay”; past programme performance and absorptive capacity; risk; and increasing rates of new infections in lower prevalence countries.

Countries will be required to prioritize their funding requests between two different streams: *indicative* funding and *incentive* funding. The Board will determine the overall split between “indicative” and “incentive” funding for each Country Band.

“Indicative” funding is the more predictable stream of the two. During the Country Dialogue, the Global Fund Secretariat will communicate an overall funding range that a country can expect to access, based on the allocation formula and subsequent adjustments. The country will then decide how to split the indicative range between the three diseases, and will submit one Concept Note, or several Concept Notes at different times, which will be reviewed by the Technical Review Panel (TRP). The Secretariat will determine final funding levels and whether the Concept Note can move to grant-making.

Countries will be able to request funds beyond the indicative funding range under “incentive” funding, i.e. additional resources to support the full response to a disease. This is competitive funding, and will be awarded to high impact, well-performing programmes and robust, ambitious requests based on national strategic plans or investment cases.

12) What are Country Bands and why have they been established?

Countries will be grouped into “Country Bands” to allow the Global Fund Board to manage resources at a macro level, and to ensure the Global Fund’s global portfolio is consistent with its Strategy 2012-2016.

The Board will apportion resources to each “Country Band” based on disease burden and ability to pay. Country Bands will also allow for competition between countries in the same Band for “incentive” funding.

13) When will the composition of Country Bands be announced?

The Global Fund Secretariat will communicate the composition of Country Bands in time for the full implementation of the new funding model (2014). The composition of the Country Bands will be revised every three years. There will be no Country Bands established in 2013.

14) Can Multi-Country and MARPs participate in the new funding model?

Yes, they can. During 2013-2014, the Global Fund may invite a multi-country applicant to participate in the transition phase, and consider including funding for underserved and most-at-risk populations (MARPs).

15) How long will the process take from the beginning (Country Dialogue) to disbursement of funds?

The duration of the grant-making process under the new funding model, from beginning to end will depend on the applicant and its country context. If a country has a robust jointly reviewed National Health/Disease Strategy, well performing grants, and an established dialogue platform with all country stakeholders, then the duration would be expected to be shorter than for countries with more complex situations.

It is important to note that the grant-making process will produce grants that are ready for disbursement at the time of Board approval, avoiding the lengthy negotiation process of the past.

16) What is the duration of grants in the new funding model?

Grants will have a three-year duration. However, the Global Fund Secretariat will have some flexibility to shorten or extend the duration of some grants depending on the country situation and/or specific planning cycles.

17) What will be the role of the Country Coordinating Mechanisms (CCM) in the new model?

CCMs will play a key role in Country Dialogue, Concept Note development and grant oversight during implementation. In most cases, the CCM will submit the Concept Note and will be closely involved in the process of grant-making until Board approval.

The current CCM guidelines and requirements remain in place.

<http://www.theglobalfund.org/en/ccm/guidelines/>

18) When will the Technical Review Panel (TRP) meet?

The TRP will meet regularly to review groups of Concept Notes. The TRP working methods and composition will be examined and adapted to the new funding model by the Strategy Investment and Impact Committee during 2013.

19) What will happen if a country's Concept Note is reviewed positively, but there are not enough resources available at the time to finance its total request?

When a Concept Note amount is greater than the indicative funding range, and if it is considered technically and contextually sound, then the Global Fund Secretariat will determine the level of funding through indicative funding, and the level of funding through incentive funding. The remaining "quality demand" (if

any) will be maintained on a register for a limited amount of time, until new resources become available from the Global Fund or other donors to fund it. It should not be assumed that “unfunded quality demand” will automatically be funded; countries will be encouraged to seek other sources of financing for this quality demand in the meantime.

20) What is the role of the Global Fund Secretariat/ Country Teams in the new funding model?

The Global Fund Secretariat will have several roles in the new funding model:

- It will analyse the impact and performance of the current grants in the country and inform the country on the results of the assessment, known as a Pre-Assessment.
- It will determine and communicate to countries their indicative funding range, as well as the incentive funding range available for their Country Band.
- It will participate in Country Dialogue by providing guidance and other tools.
- Based on the TRP review and the Country Dialogue, it will determine and approve the adjusted funding amounts for the country.
- It will work with the country to prepare a disbursement-ready grant and to resolve any issues upstream prior to Board approval.
- The Global Fund Secretariat will maintain a register of unfunded quality demand for possible funding by the Global Fund or other donors.

21) What action can countries undertake at this stage?

During 2013, or according to their national planning cycle, countries can assess the strength of their National Health Strategy and their National Disease-specific Strategies for HIV, TB and malaria, and, if necessary, take steps to strengthen them. They can identify programmatic and funding gaps in these strategies. They could organize joint reviews of their strategies (e.g. Joint Assessment of National Strategies (JANS)) if needed. As an alternative they can develop an investment case to be included in the Concept Note.

Based on their existing institutions and mechanisms, they can engage in the process of Country Dialogue with relevant in-country stakeholders, technical partners and the Global Fund, in order to be ready to submit a strong Concept Note.

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