

## Frequently Asked Questions on the New Funding Model

### GENERAL INFORMATION

#### 1. Why has the Global Fund adopted a new funding model?

The Global Fund needs to invest more strategically, to make the most of its resources and maximize the impact of its grants. The purpose of the Global Fund's new funding model is to invest as effectively as possible, to reach as many people affected by the disease as possible. The new funding model ensures predictable funding for those countries with a high disease burden and low ability to pay, and incentivizes better performing interventions.

#### 2. What are the key features of the new model?

The Global Fund changed its funding model to make a **bigger impact** against the three diseases. It is designed to have **predictable funding**, to **reward ambitious vision**, to work on more **flexible timings** and with a smoother, **shorter process** that ensures a higher success rate of applications.

- The *bigger impact* is achieved by focusing more resources on countries that have the highest disease burden and lowest ability to pay.
- By introducing the idea of an 'allocation' for each country that meets the eligibility requirements, the Global Fund can provide *predictable funding*, and will communicate the financing levels to countries up-front.
- We *reward ambitious vision* by having a pool of competitive 'incentive' funding available, to allocate additional funds to funding requests that make a powerful case for impact based on their National Strategic Plan (NSP) or investment case. As more funds become available, the Global Fund will be able to award further grants for ambitious unfunded requests.
- Another big change is to move away from the Rounds-based competition with its set application date, and allow countries to apply at a *flexible time* that meets their own national schedules, within the 2014-2016 timeframe.
- In the new model, prioritized interventions will be included in the initial indicative funding request, and grants will be disbursement-ready, resulting in a *shorter process* overall. By reducing complexity, we plan to cut a lengthy process that used to take 2 years down to an average of 10 months. (Please note that some countries with low capacity and lack of a robust NSP may require longer preparation time). In every case the process should also be smoother as Global Fund teams actively support countries as they prepare their funding application, in order to improve the quality of the applications and the overall success rate.

### 3. How is the new funding model different from the previous Rounds-based model?

First, all eligible applicants will receive an indicative funding amount, their *allocation*, for all eligible diseases for a three-year period. They will seek funding from this allocation when it suits them best, according to their own national planning cycles.

The new funding model acknowledges the important country dialogue that happens in-country, and encourages inclusiveness in order to ensure that discussions on health and development can form the basis of a funding request to the Global Fund.

The Global Fund provides a country-level program split for the total allocation amount which is discussed early on by the CCM during the country dialogue process. The CCM will agree on the split of funding between the eligible diseases and HSS, and then submit a funding request (called a concept note). A concept note can be submitted for each disease and HSS separately or together. For countries with high TB and HIV co-infection rates, one joint TB and HIV concept note should be submitted.

Following the concept note review by the Technical Review Panel (TRP) and the Grant Approvals Committee, grant-making will occur. After a second Grant Approval Committee review, the grant will then be presented to the Board for approval.

### 4. What inputs go into the allocation formula?

The most significant inputs to the allocation formula are disease burden and ability-to-pay (income level). The allocation formula is based on disease burden, income level, external financing and Minimum Required Level (this is to ensure that a country that has been over-allocated in the past is gradually adjusted to a fairer allocation over time).

The Global Fund will then use qualitative factors to adjust the indicative funding amount for each country; these qualitative factors include previous grant performance, impact, increasing rates of infection, absorptive capacity, and risk. These factors could lead to both upward and downward adjustments to the amount that is initially derived by the allocation methodology. A final adjustment is made during country dialogue, once a country's willingness-to-pay commitments are confirmed.

### 5. What is the willingness-to-pay (WTP) policy?

Countries can access the full amount of their indicative funding allocation if they make additional government commitments beyond the minimum counterpart financing thresholds. WTP commitments are forward looking with a duration of 3 years. The policy of WTP encourages countries to demonstrate their financial commitment to the three diseases, thereby ensuring the sustainability of the responses.

The Board decision to include WTP as a qualitative factor that determines the final allocation supports core Global Fund principles of country ownership, additionality and sustainability. The exact WTP requirements by income classification are not yet available – this will be finalized by the end of 2013.

## 6. Where do country bands fit in?

Once the Global Fund has allocated indicative funding to all eligible countries, these will be separately grouped into one of four country bands. At its March 2014 meeting, the Global Fund Board will approve the composition of and the total funding for each band.

The Band composition will be determined by income level and disease burden:

- Band 1 – Lower income, higher burden
- Band 2 – Lower income, lower burden
- Band 3 – Higher income, higher burden
- Band 4 – Higher income, lower burden

## 7. Can you please explain the funding terms? What is the difference between indicative and incentive funding?

In the new funding model, there are two types of funding available. Indicative funding is derived from an allocation formula for each country and adjusted based on qualitative criteria. It should represent predictable funding to support countries' prioritized interventions and activities.

Incentive funding is a separate reserve of funding that encourages ambitious requests for programs with a potential for increased, quantifiable impact. It is made available, on a competitive basis, to applicants in the same Band, whose requests are based on robust national strategic plans or a full expression of prioritized demand for strategic interventions, based on a program review. Applicants apply for incentive funding by submitting an 'above indicative' request in the concept note.

The Grants Approvals Committee determines final funding amounts, and whether or not a country will be awarded additional incentive funding, based on the recommendation of the Technical Review Panel. In such cases, a country is awarded both funds at the same time. The total recommended upper-ceiling then moves to grant-making.

While Band 4 countries and regional applicants are encouraged to submit their full expression of demand by including an 'above indicative' request in their concept note, they are not eligible for incentive funding.

## **NEW FUNDING MODEL ROLL-OUT**

### 8. When will the new funding model be implemented?

The Global Fund launched the new funding model with a transition period in 2013. The full roll-out of the new funding model will begin in March 2014.

### 9. When will I know how much money I will be allocated?

By the end of March 2014, funding allocations for 2014-2016 will be communicated to all eligible countries. Countries will be provided their total allocation amount for the eligible diseases. Information on the suggested program split will also be communicated. Countries will, however, have the latitude to deviate from the suggested program split, providing justification for doing so. It is important to note that funds for HSS should be taken from the total disease allocation.

## 10. What should we be doing to prepare for the new funding model?

- The most urgent action is for countries to ensure they have epidemiological data at subnational levels, including for key affected populations (KAPs) in order to strengthen strategic plans and prioritize interventions. Applicants should work with their technical partners to secure this, and discuss with their Global Fund Country Team if additional technical assistance is necessary. Countries without this data will struggle to target limited resources to where they will have the greatest impact.
- Countries should continue and/or expand their national dialogue with key stakeholders, including the Global Fund Secretariat, bilateral and multilateral donors, technical partners, civil-society organizations (in particular key affected and most-at-risk populations) and other partners, around the goals and implementation arrangements for their national strategies and disease programs. Consider cross-disease collaboration for greater impact.
- According to their national planning cycle, countries can assess the strength of their national health strategy and their national disease-specific strategies for HIV, tuberculosis and malaria, identifying programmatic and funding gaps. If necessary, steps should be taken to strengthen these strategies, organizing joint reviews (e.g. Joint Assessment of National Strategies (JANS)), if required.
- CCMs should review the six CCM eligibility requirements, to assess potential issues and make any necessary improvements. This includes the requirement to conduct inclusive and transparent country dialogue and ensuring that the selection process for Principle Recipients is open and transparent (Requirements 1 and 2). Both of these are eligibility requirements that will be checked at the time the concept note is submitted. Requirements 3, 4, 5 and 6 are assessed annually through the CCM Performance Assessment tool, with the support of a technical assistance (TA) provider. From 2015, CCMs will be required to comply with these 6 Requirements in order to be eligible to receive Global Fund funding. Over the course of 2014, CCMs are encouraged to conduct a self-assessment; choose a TA provider to support the assessment and develop an action plan; and implement the plan to ensure that these standards are met from 2015 onwards. Guidance is available on the Global Fund website. <http://www.theglobalfund.org/en/ccm/guidelines/>
- Work with current and potential implementers to strengthen their capacity and improve program performance. Since future allocations will be influenced by grant performance, it is in the best interest of the CCM to ensure that they select implementers who are able to manage grants to achieve the greatest impact. Each organization being considered as an implementer needs to be reviewed against grant implementer minimum standards, by both the CCM and the Global Fund Secretariat.
- Work with your governments to increase their national financial commitments to health. National governments are expected to partner with the Global Fund in funding health care interventions. All countries will be required to contribute funding to the three diseases and their health system overall in order to access Global Fund funding. Countries need to be able to report on government expenditures to show they have fulfilled their commitments.

## 11. What if my application is not ready by the time my current grant runs out?

Applicants with grants ending in 2014 can seek an extension of time to continue activities until December 2014. If funds are needed for the extension and are requested (i.e. a 'costed extension'), these funds would be taken from the countries 2014-2016 funding allocation.

The Global Fund will be updating the extensions policy at the March 2014 Board Meeting and additional information will be shared after that point.

Applicants should contact their Country Team to discuss the current options available. In an effort to support the development of robust applications, assistance is available from the Global Fund and donor partners on NSP strengthening, epidemiological data collection, strategic investment discussions and country dialogue.

## **COUNTRY DIALOGUE**

### **12. What is country dialogue and when would it start?**

Country dialogue is a process that is country-owned and led, which forms part of and builds upon existing coordination mechanisms in health and development that are already taking place in many countries between Governments, donors, technical partners, civil society, and key affected and most-at-risk populations. CCMs take a leading role in coordinating the discussions around the submission of the Global Fund concept note. Work on national strategies and resource mobilization should be ongoing and form the basis of this country dialogue to identify a country's prioritized needs and ultimately prepare the submission of concept notes to the Global Fund.

### **13. Who should be a part of country dialogue?**

All the relevant actors need to be engaged: CCMs; Governments; the private sector; the public sector; civil society; academia; key affected and most-at-risk populations and networks; and bilateral, multilateral and technical partners in-country. The Secretariat's role is to support, participate and provide guidance where appropriate.

Inclusive concept note development is a Global Fund eligibility requirement for funding. The Global Fund will require proof that there was a transparent and inclusive process at the time of concept note submission. Concept notes will be sent back to CCMs for further work if they have not been developed in an inclusive manner.

### **14. What activities happen during country dialogue?**

Country dialogue activities contribute to the development of a robust health sector strategy, whereby synergies between the three diseases and other health priorities are achieved. The ultimate goal is that this strategy is fully costed and has been developed through a multi-stakeholder process, and can be the basis of the development of a concept note.

In the period leading up to concept note development, the Global Fund communicates to CCMs the indicative amount of funds for the diseases for which they may expect financing from the Global Fund during the three-year allocation period.

Through the country dialogue a broad range of stakeholders discuss how to split and best use the indicative funding allocation from the Global Fund across the eligible diseases and cross-cutting HSS interventions.

From this inclusive and transparent dialogue process, the CCM should:

- i. decide on the funding amount to be designated for each eligible disease program or HSS within the current three-year allocation period;
- ii. identify program gaps and rank the interventions by priority need, ideally based on the national strategies;

- iii. develop the program based on prioritized gaps and begin to consider implementation arrangements (including the selection of principal recipients) to deliver this program;
- iv. make preliminary assessments of potential implementers and systems to identify capacity and operational risk;
- v. estimate the “full expression of demand” that the country has for the eligible diseases and HSS; and
- vi. secure agreement on the government’s financial commitment to provide funding for the three diseases and the health system overall.

### **15. How will the Global Fund’s Country Team role be different?**

The Global Fund Country Team will play more of an active role, to ensure that the country dialogue and concept note development is inclusive and that key actors including technical partners and key affected populations are involved in discussions. The Country Team can share guidance material and best practices on country dialogue, and provide guidance during the concept note development process. However, the concept note is owned by the country and the Global Fund Country Team will not determine what to include in the concept note.

### **16. What can participants do if they do not feel they are being heard during Country Dialogue?**

If participants in country dialogue do not feel that their concerns are being adequately considered, their concerns should be discussed within the CCM. They may also escalate their concerns to the relevant Fund Portfolio Manager (FPM) at the Global Fund Secretariat. They FPM may then choose to escalate further within the Secretariat as needed.

## **THE FUNDING APPLICATION: THE CONCEPT NOTE**

### **17. What should be included in the concept note?**

The *concept note* is the application to request new funds from the Global Fund for any one of the three diseases or cross-cutting support for HSS. It replaces the previous Rounds-based proposal form, and incorporates the modular template (which replaces the Rounds-based performance framework, workplan and detailed budget).

In the concept note the applicant will be expected to justify why they need Global Fund funds, and how they will effectively and efficiently use this investment for greatest impact in the fight against AIDS, tuberculosis and malaria.

Concept notes include the following information:

- the country’s disease context, with epidemiological data at the subnational level, and its current response;
- the “full expression of demand”, which is the total amount of funding needed to finance a technically appropriate response to the disease; and
- the request to the Global Fund, which will consist of priority interventions to be funded from the indicative funding amount, and interventions or program elements to be included in the above indicative amount, which may be funded through available incentive funding (if eligible) or through additional resources, if they become available.

- counterpart financing commitments that show how implementing governments fulfill their obligations to sustain and increase their financial contributions to the three diseases and overall health system.

### **18. How do I know if I need to submit a joint concept note for TB and HIV?**

Countries with high co-infection rates of TB and HIV shall submit a single concept note that presents integrated and joint programming for the two diseases. The World Health Organization has identified 41 high-burden countries (i.e., countries where TB and HIV epidemics are closely interlinked) which represent 92% of the overall burden of TB/HIV co-infection.

The decision applies to 38 high-burden countries who are eligible for Global Fund support for both components.

There will be a specific format of concept note that will be made available for applications for TB and HIV programs for countries to which this decision applies. It will be closely based on the standard concept note, and will have all the same components (e.g. modular template, programmatic gap tables and counterpart financing table). Countries eligible for HIV and TB funding that are not on the list of countries with high co-infection rates will also be able to use the HIV and TB joint concept note.

### **19. How will the Technical Review Panel (TRP) review be different? What are the criteria they will use to assess the concept note?**

The TRP continues to review new funding requests and material reprogrammings in an independent and transparent way. The TRP begins its review by assessing whether what is proposed is positioned for highest impact. This means that the concept note should be strategically focused and technically sound, and investments should have maximum impact with the available resources in a given context. The TRP makes its funding recommendation on the indicative and above indicative amounts, prioritizing interventions.

The TRP review is designed to work towards identifying the highest impact programs, and getting to an outcome of “yes” (however, the TRP may deem that a concept note is not yet ready to advance to grant-making and request the applicant submit a revised concept note). This is a radical change from what was previously required of the TRP. Following its review, the TRP is delegating more clarifications and/or adjustments to the Secretariat during grant-making and implementation.

TRP reviews will be more frequent in the new funding model, up to four times a year.

### **20. What happens if the TRP does not recommend my concept note for funding?**

The TRP no longer makes “yes or no” recommendations. Rather, it recommends a concept note subject to certain actions during grant-making or implementation. If the TRP deems that the concept note is not yet ready to advance to grant-making, it will request the applicant submit a revised concept (shortly thereafter). The new funding model allows for a more iterative dialogue and more frequent opportunities to submit a funding request.

## **21. How is grant-making different from the previous grant negotiations process?**

The Global Fund will begin the grant-making processes following the review of concept notes by the TRP and the Grant Approvals Committee (GAC), prior to requesting Board approval. It is the GAC that determines the upper-ceiling for grant-making. The Secretariat will work with applicants to transform technically sound concept notes into grants. By starting to think about implementation arrangements at the concept note stage, the new funding model will help ensure that issues and capacity gaps are resolved early on, with direct support from technical assistance partners. This process will help to avoid the imposition of numerous conditions precedent in grant agreements which can delay program implementation.

One additional difference is the potential for early release of funds for procurement and capacity building after the first Grant Approval Committee review, before Board approval.

## **22. To what extent does the new funding model reduce timing between concept note and implementation?**

The focus on implementation planning before the concept note is submitted will reduce the time spent on grant-making between concept note approval and grant signing.

The estimated time between the review of the concept note by the TRP and GAC and the Board's approval (and grant signing) is 3-4 months but can be longer if the TRP or GAC seek complex actions and/or amendments.

The process is country-led, and timing will depend on a number of factors in-country (e.g. whether or not the country has an updated and costed National Strategic Plan, the strength of the CCM, PR performance, etc.). Based on this, the country will determine the target date for signature and the release of funding, and plan a timeline to achieve this.

## **23. What is the role of technical partners?**

The new funding model relies on a close partnership with technical partners at country level. Partners, 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, and their support continues during grant-making. Their role includes: i) discussing the disease/health sector landscape with in-country stakeholders, and mapping donor commitments and ensuring alignment; ii) supporting the development of an accessible depository (knowledge base) of country studies, available data, etc.; iii) assisting in the identification and prioritization of strategic investments for robust NSPs and concept notes; iv) providing input in discussions around disease split; v) reviewing program performance and impact data, as well as current trends of epidemiological context; and vi) providing technical support in-country as needed.

## **24. What is a National Strategic Plan (NSP), and who evaluates it?**

An NSP is either a disease-specific, or health sector national strategy that provides the overall strategic direction for a country over a period of time (often for five years).

NSPs should be reviewed by the appropriate technical partners. As part of this technical review and support process, NSPs should preferably be jointly assessed through a credible, independent, multi-stakeholder process that uses internationally agreed frameworks, such as a Joint Assessment of National Strategies (JANS). This is a shared approach where country stakeholders and development partners carry out an independent assessment of an NSP against an internationally agreed set of criteria. The purpose of a JANS is to indicate

the soundness of an NSP and its operational plan, and its potential as the basis for technical and financial support.

### **25. What happens if my country does not have an NSP?**

Where a country does not have an NSP, or if it is not up-to-date, is not sufficiently robust, fully costed and/or cannot be used for the basis of a funding request to the Global Fund, applicants should develop a full expression of prioritized demand for strategic interventions, developed in a manner that complements existing national processes.

### **26. Is there guidance available on how to apply for funds?**

The standard concept note and instructions will be available on the Global Fund website by the end of December 2013. Eligible countries will be provided with detailed guidance on the application process by the end of January 2014.

## **COUNTRY COORDINATING MECHANISMS (CCMs)**

### **27. What will the role of CCMs be in a new funding model?**

CCMs will continue to be the primary entity responsible for submitting requests for new funding and overseeing grants. CCMs will need to align the timing of application requests to national cycles, and ensure an appropriate distribution of funding across the three diseases and investments in health and community systems strengthening.

### **28. Does the role of the CCM change under the NFM?**

The CCM role has not changed, which is to develop and submit funding requests (through a concept note) and ensure grant oversight and compliance with the CCM eligibility requirements.

However, given the important role of country dialogue in the new funding model, and the possibility for the CCM to take a leading role in coordinating these discussions and processes, the scope and involvement of the CCMs with other key stakeholders in discussions on health and development in the country is likely to increase.

### **29. Is it the role of the CCM to submit a funding request?**

Primarily, yes. However, the Global Fund's existing policies for receiving funding requests from other entities, such as Non-CCM and regional applicants, still apply but are subject to specific requirements. CCMs should also be involved in grant making and continue to provide oversight over grant implementation.

### **30. How can Civil Society best work with the CCM?**

The best way civil society can work with the CCM is to be actively engaged in country dialogue to influence the content of the concept note (including the prioritized interventions).

In order for the concept note to be submitted it must be endorsed and signed by CCM members who need to represent the country. This is also why country dialogue is critical to make sure the proposal is inclusive.

If the CCM is consistently unwilling to include civil society in country dialogue then the group should escalate their concerns to the FPM at the Global Fund Secretariat. If the CCM does not include a required component of the application (e.g. an affected community), then a non-CCM funding application could be submitted; however, that is an exceptional situation.

### **31. Are there going to be structural changes to encourage more civil society involvement?**

CCM eligibility requirements have been adjusted to encourage more engagement with civil society, such as increasing the number of key affected populations within the CCM. In its concept note submission, a CCM will need to explain how it engaged a broad range of stakeholders in the concept note development process, and specifically how it engaged key populations.

Additionally, the Global Fund is piloting a way to increase funds for civil society engagement within the CCMs; funds would be made available to support civil society to travel to CCM meetings and to have better access to communication materials. We will have more information on the results of the pilot by the March 2014 Board meeting.

## **ELIGIBILITY**

### **32. Has the eligibility policy changed?**

The eligibility policy was revised in November 2013 to align with the new funding model (GF/B30/6); however, the general principles have not changed. The Eligibility determinations are based on the World Bank income classifications (published annually in July) and disease burden estimates from WHO and UNAIDS (received in Q4 2013). The Eligibility list for 2014 will be available in January 2014.

### **33. Which countries are eligible to request funding for cross-cutting healthy systems strengthening (HSS)?**

Applicants can apply for cross-cutting HSS interventions through a disease-specific concept note or separately through a standalone HSS concept note. However, upper-middle income countries which have a 'high' disease burden are not eligible to apply separately for cross-cutting HSS funding. Upper-middle income countries are eligible to apply separately for cross-cutting HSS funding only if they have 'severe' or 'extreme' disease burdens.

### **34. What is the future of the 'NGO rule'?**

The 'NGO rule' remains unchanged. However, the revised policy provides for HIV grants funded under the 'NGO-Rule' to receive a grace-period of one allocation period after becoming ineligible due to changes in their income-level classifications (including countries in the 'high income' classification).

### 35. What will be the fate of newly ineligible countries?

Newly ineligible countries/components funded under an existing grant can remain eligible for funding for up to one allocation period. The Secretariat, based on country context and existing portfolio considerations, will determine the appropriate period and amount of funding. These transition measures do not include countries that have graduated to the 'high income' classification (unless funded under the 'NGO rule').

### 36. Do countries still have to comply with the counterpart financing requirements?

Yes. All applicants (except Non-CCM and regional applicants) must comply with the counterpart financing requirements, which are (i) to meet the minimum counterpart financing threshold (determined by income level); (ii) to increase government contributions to the disease program and health sector; and (iii) to improve expenditure data.

Minimum thresholds for counterpart financing are based on a country's income category:

- Low income: 5%
- Lower-lower-middle income: 20%
- Upper-lower-middle income: 40%
- Upper-middle income: 60%

## **REGIONAL APPLICATIONS**

### 37. What are the eligibility rules for regional and multi-country applicants?

Eligibility rules for regional and multi-country applicants have not changed:

- The majority (at least 51%) of countries included in the application must be eligible in their own right for the disease being requested.
- Regional and multi-country applicants need not comply with the counterpart financing requirements.
- Regional and multi-country applicants must comply with the 'focus of application' requirements and clearly demonstrate the value-added of a regional approach.
- Eligibility requirements for Regional Coordinating Mechanisms (RCM) and Regional Organizations (RO) still apply.

### 38. What is the process for applying for regional grants?

The Global Fund will continue to support strategically focused regional applications that are designed to achieve impact and clearly demonstrate the value-added of a regional approach.

A two-step process will be put in place for regional concept notes:

- As first step, applicants will submit an Expression of Interest (EOI) to the Global Fund. Through this first step, the Global Fund will assess whether the applicant meets eligibility criteria and regional requirements and competitively assess whether the 'concept' is strong enough for further development as a regional concept note.

- If an applicant meets the eligibility requirements and is positively assessed, the applicant will be invited to develop a concept note to be submitted to the Global Fund and given an indicative envelope.

While the Secretariat will not officially ‘invite’ applicants to submit an EOI, the Secretariat will actively engage with partners and civil society networks to identify strategic opportunities for regional investments.

The Secretariat will engage with the applicant ahead of final submission to help ensure broad involvement of key populations, women’s representatives, civil society groups, technical partners and other key stakeholders. In cases where the regional dialogue processes requires financial support, the Secretariat will endeavor to find ways to provide support either directly or through its partnership networks.

By the end of January 2014, the Global Fund will make available tools and guidance needed to submit an EOI.

### **39. What are the deadlines to submit an Expression of Interest?**

The first date for the Global Fund to receive an EOI will be 1 April 2014. Outcomes of this review would be communicated in sufficient time for regional applicants to prepare concept notes for review by the TRP at the subsequent windows during the second half of 2014. A second opportunity to submit Expressions of Interest will be in April 2015.

### **40. How much funding is available for regional grants?**

There will be funding set aside specifically for existing and new regional investments. The total amount during the 2014-2016 period will be determined following the outcome of the Replenishment Conference in December 2013, and is expected to be approved by the Board at its meeting in March 2014. It is expected that approximately half the available funds will be set aside for each year.

### **41. Does the regional application process apply to multi-country applications?**

No. Multi-country applications are defined as a combined application from small island economies and/or other small countries that typically do not apply as individual countries and are submitted normally through an RCM. Funding for multi-country applications would come from the individual country allocations of those included in the funding request.