The New Funding Model

Key features and implementation
Principles of the new funding model

- Greater **alignment** with country schedules, context, and priorities
- **Focus** on countries with the highest disease burden and lowest ability to pay, while keeping the portfolio global
- **Simplicity** for both implementers and the Global Fund
- **Predictability** of process and financing levels
- Ability to elicit full expressions of demand and reward ambition
# Key features

## Predictable funding
- Applicants are given an indicative funding range over a 3-year period
- The Secretariat will hold indicative amounts for applicants until they apply

## Timing of requests
- Applicants apply for funding when they want
- Applicants can submit different disease or HCSS requests at different times
- Applicants can use in-country planning cycles

## Length of grants
- Three years

## Early feedback
- Applicants submit a funding request through a “Concept Note”
- Early feedback from the Secretariat and the TRP = higher success rate

## Incentive funding
- Competitive funding in addition to indicative range
- Rewards high impact, well-performing programs
- Encourages full expression of demand

## Grant-making
- Upfront risk and capacity assessments
- Differentiated processes to ensure disbursement-ready grants
- Funding requests negotiated before Board approval

The new funding model changes the way applicants apply for funding, get approval of their proposals and then manage their grants.
How does the new model differ from the previous model?

From previous model

- Passive role by the Secretariat in influencing investments
- Timelines largely defined by the Global Fund
- Hands-off Secretariat role prior to Board approval
- Low predictability: timing of Rounds, success rates and available funds
- Cumbersome undifferentiated process to grant signing with different delays

To new funding model

- More active portfolio management to optimize impact
- Timelines largely defined by each country
- Ongoing engagement by Secretariat
- High predictability: timing, success rates, indicative funding range
- Disbursement-ready grants with differentiated approach
Overview of the new funding model

NSP support

NSP

Country dialogue

Concept Note

Determination of split between diseases & HCSS

TRP review

Grant Approval Committee

Determine / approve adjusted funding amount

Incentive funding

Unfunded quality demand

Board approval

1. Indicative funding
2. Band allocation
3. Allocation formula
4. Grant-making
5. TRP review
6. Grant Approval Committee
7. Determination of split between diseases & HCSS
8. Unfunded quality demand
9. Board approval
Events leading up to the Board’s decision and implementation

<table>
<thead>
<tr>
<th>When</th>
<th>Key event</th>
<th>Outcome</th>
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<tbody>
<tr>
<td>2011</td>
<td>New Global Fund Strategy approved</td>
<td>Established the framework to <strong>replace</strong> “Rounds” with a substantially changed funding model</td>
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<tr>
<td>2012</td>
<td>Decisions on New funding model</td>
<td><strong>Design</strong> and <strong>Agreement</strong> on all key features of the new model, with timelines for implementation</td>
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<tr>
<td>2013</td>
<td>Implementation</td>
<td><strong>Create grants</strong> for a limited number of countries based on funds available</td>
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<tr>
<td>2014</td>
<td></td>
<td><strong>Full implementation</strong> of the new funding model after replenishment</td>
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In new funding model, disease programs will fall into one of three categories

<table>
<thead>
<tr>
<th>How they receive funding</th>
<th>What they do</th>
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<tbody>
<tr>
<td>Early applicants</td>
<td>New grant: eligible for indicative and incentive funding</td>
</tr>
<tr>
<td>Interim applicants</td>
<td>Renewals and extensions of existing grants, and redesigns to access funding in 2013</td>
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<tr>
<td>Standard applicants</td>
<td>Prepare for applications to be submitted in late 2013 or in 2014</td>
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Timelines: new funding model starts now

<table>
<thead>
<tr>
<th>Year</th>
<th>Early</th>
<th>Interim</th>
<th>Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Selection of early applicants</td>
<td>Interim funding through renewals, grant extensions and redesigned programs</td>
<td>In-country preparation and national strategy development</td>
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<tr>
<td>2014</td>
<td>Application plus real-time learning</td>
<td></td>
<td>New grants signed</td>
</tr>
<tr>
<td>2015</td>
<td>New grants signed</td>
<td></td>
<td>Application, review and grant-making</td>
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1. Early
2. Interim
3. Standard

Timelines: new funding model starts now

Application, review and grant-making
Purpose of the transition

This will...

- Enable investment of available funds, for early impact
- Focus on those most in need (e.g. underfunded or facing disruption)
- Begin implementing elements of the new model
Participation in the transition

Who will be invited to participate?

- Countries positioned to achieve rapid impact
- Countries at risk of service interruptions
- Countries receiving less than they would under the new funding model principles