

Frequently Asked Questions

The 2017-2019 Funding Cycle

As of 19 September, 2016

1. What is new about the funding model this time?

The allocation-based funding model remains largely unchanged for the 2017-2019 funding cycle. Eligible countries will receive a communication on their allocation amount in December 2016 and will be able to access new funding over the 2017-2019 period.

However, elements of the funding model have been amended to align with the new Global Fund Strategy 2017-2022 and new policies. These elements include an updated allocation methodology¹; new sustainability and transition expectations² including a new co-financing approach; flexibilities for challenging operating environments³ and differentiation in the way the Global Fund works with countries. (See differentiation principles for access to funding in Annex 1.)

The funding application materials and review process have been revised based on lessons learned from the last funding cycle and have been informed by the new strategy, policies and differentiation principles.

2. What is the new Global Fund strategy?

In April 2016, the Board of the Global Fund approved the organization's strategy for the period 2017 to 2022, titled *Investing to End Epidemics*⁴. The strategy is based on a framework of four objectives:

- 1) Maximize impact against HIV, TB and malaria;
- 2) Build resilient and sustainable systems for health;
- 3) Promote and protect human rights and gender equality;
- 4) Mobilize increased resources.

Successfully implementing the strategy depends on two additional and fundamental elements: Innovating and differentiating along the development continuum, and supporting mutually accountable partnerships.

3. What does Global Fund mean by 'development continuum'?

The development continuum refers to the trajectory of development that occurs in different ways at different speeds in each country. It can include economic, demographic, political and cultural

¹ http://www.theglobalfund.org/documents/board/35/BM35_05-AllocationMethodology2017-2019_Report_en/

² http://www.theglobalfund.org/documents/board/35/BM35_04-SustainabilityTransitionAndCoFinancing_Policy_en/

³ http://www.theglobalfund.org/documents/board/35/BM35_03-ChallengingOperatingEnvironments_Policy_en/

⁴ http://www.theglobalfund.org/documents/board/35/BM35_02-TheGlobalFundStrategy2017-2022InvestingToEndEpidemics_Report_en/

development factors. The new Global Fund strategy recognizes the need to develop differentiated approaches based on specific country circumstances to better serve people in need.

4. What does the Global Fund mean by ‘Challenging Operating Environments’?

Challenging Operating Environments (COEs) refer to countries as a whole, but also to unstable parts of countries or regions, characterized by weak governance, poor access to health services and manufactured or natural crises.

Challenging Operating Environments are critical to the Global Fund’s mission and objectives, as they account for a third of the global disease burden for HIV, TB and malaria, and for a third of Global Fund investments. Performance in COEs has traditionally been weak due to systemic and capacity gaps that greatly impact ability to implement programs.

The new Challenging Operating Environment Policy⁵ emphasizes the Global Fund is committed to “improve effectiveness in COEs through innovation, increased flexibility and partnership.”

5. What is the difference between allocation period vs grant period?

The allocation period refers to the period during which eligible countries can access their allocation funding. For the current allocation period, all grants need to be Board-approved by the end of 2016, while for the next allocation period grants will need to be Board-approved by the end of 2019.

Grants can start directly after current grants end, last 3 years as standard and end at least a year after the allocation period in order to allow a 12-month buffer to apply for new funding. In the next allocation period, all grants must continue to (at least) December 2020. The grant period is also referred to as the implementation period.

6. What has changed in the funding application process?

The funding application process for 2017-2019 will be tailored to the needs of applicants through ‘differentiated’ application materials and corresponding review approaches (see question 8). This updated process allows for flexible and tailored funding requests that are ‘right-sized’ to match the needs and context of a country.

The differentiated approaches enable quality funding requests to be developed more efficiently, to ensure greater time can be spent implementing grants. Simplified procedures have also been introduced based on lessons learned during the 2014-2016 allocation cycle. For example, the modular template has been replaced by the performance framework and budget at the application stage, which can be directly used for grant-making.

7. What is a funding request?

The term ‘funding request’ replaces ‘concept note’ for the new funding cycle, as it more accurately encompasses the range of tailored application materials and review approaches.

8. What are the key elements of the differentiated funding application process?

There will be three different approaches to accessing funding in the differentiated process:

⁵ http://www.theglobalfund.org/documents/board/35/BM35_03-ChallengingOperatingEnvironments_Policy_en/

- 1) **Program continuation:** simplifies and streamlines the funding request process to ensure well-performing programs with no material change needed can continue implementation with minimal distraction;
- 2) **Tailored review:** funding application documentation requirements are appropriately designed for challenging operating environments, for transition, for national strategy-based approaches, for results-based financing or other innovative financing approaches, and for material reprogramming in defined areas;
- 3) **Full review:** Comprehensive overall review of a program's approach and strategic priorities.

The program continuation approach will be limited to those applicants that meet certain criteria, such as strong programmatic performance and absorption, low risk profile, and without need for material change in programming. If applicants wish to pursue this funding approach they will be required to submit a request for program continuation early in 2017. More information will be provided in the allocation letter.

Eligible applicants will be informed of the amount of funding they can access, as well as the application approach, in an Allocation Letter from the Global Fund, planned to be sent in December 2016.

Countries may seek funding from this allocation cycle when it suits them best during the 2017-2019 period, according to their own national planning cycles and considering the end date of current grants.

9. What role will the Technical Review Panel play in the next funding cycle?

The Technical Review Panel (TRP) will continue to review new funding requests and material reprogramming in an independent and transparent way. However, they will apply a high degree of differentiation in the scope and depth of the process.

10. How has the Technical Review Panel changed?

The review criteria and processes of the Technical Review Panel (TRP) have been revised to align with the new Global Fund strategy and the differentiated application process. The Technical Review Panel expertise has been also expanded to include more experts on resilient and sustainable systems for health, human rights and gender equality, as well as cross-cutting issues, in order to further align the TRP knowledge base with the new strategy.

11. How has country eligibility changed?

There is an updated Eligibility Policy now available on the Global Fund website⁶. Eligibility for Global Fund financing is still based on two key criteria: income level and disease burden. Two notable observations about the updated policy: the Global Fund will now use a three-year average of the latest available gross national income (GNI) per capita (Atlas Method) to determine income level, and components will need to be eligible for two consecutive determinations in order to be considered eligible for an allocation. The eligibility list for 2017, which will be the basis for allocations for 2017-2019, is planned for publication by October 2016.

Note that eligibility for Global Fund financing does not guarantee an allocation.

⁶ http://www.theglobalfund.org/documents/board/35/BM35_06-Eligibility_Policy_en/

12. How much funding is available for the next funding cycle and when will countries know their allocation amount?

The amount of funds available for the next funding cycle will be known after the Replenishment Conference in September 2016. The Audit and Finance Committee will determine the total amount of funding available for allocation to countries in October 2016. The Global Fund plans to inform eligible countries of their respective allocation amounts in December 2016.

13. When should I apply for funding?

Overall, the planning and implementation of grants should be aligned with country planning cycles. Applicants need to consider that financing from the 2014 and 2017 allocations cannot be consolidated or overlap. Applicants should therefore plan to apply for funding with sufficient time to start grants from the new allocation immediately after the current implementation period ends.

Funding request documentation for program continuation will be required prior to the first TRP review window. Dates for the TRP review windows in 2017-2019 have not yet been finalized. Country Coordinating Mechanics (CCMs) will be asked to register for a TRP review window in early 2017, following receipt of the allocation letter.

14. When will application materials be available?

Application materials for the next funding cycle will be published on the Global Fund website by December 2016.

15. When can I reprogram my grants?

Reprogramming may occur at different stages of the grant-lifecycle in order to promote greater flexibility and impact of investment. All countries should consider reprogramming, as appropriate, during the funding request stage and if needed, during grant-making. The timing of a reprogramming request during grant implementation depends on a country's portfolio category:

Portfolio Category	When a reprogramming may be submitted during implementation
Focused	Once a year during grant implementation, if warranted by program context
Core	Any time during grant implementation, if warranted by the program context.
High Impact	Any time during grant implementation, if warranted by the program context.

For more information on reprogramming refer to the Operational Policy Note on Reprogramming during Grant Implementation which can be found in the Operational Policy Manual⁷.

16. How do I know if I belong to a Focused, Core or High Impact country?

As part of the implementation of differentiation principles, the Global Fund Secretariat has categorized countries in three categories and tailored grant management requirements and support accordingly. The categories are primarily defined by size of portfolio allocation and risk profile. The current list is available in the Global Fund Operational Policy Manual⁸ and may be updated periodically. Any change will be promptly communicated to relevant countries.

⁷ http://www.theglobalfund.org/documents/core/manuals/Core_OperationalPolicy_Manual_en/

⁸ http://www.theglobalfund.org/documents/core/manuals/Core_OperationalPolicy_Manual_en/

17. What are catalytic investments?

Catalytic investments replace incentive funding, regional funding and special initiatives for the next funding cycle, as the funding modality for approaches beyond country allocations. Catalytic funding aims to ensure delivery against the Global Fund strategy by:

- Catalyzing the programming of country allocations for in line with key strategic priorities;
- Funding critical multi-country⁹ approaches; and
- Funding key strategic initiatives (e.g. humanitarian emergency fund).

The exact catalytic priorities and how they will be awarded will be determined by the end of 2016.

18. Do I still need to prepare an above allocation request?

Yes, each applicant is asked to include with their application a prioritized above allocation request that can be assessed for unfunded quality demand. This is essential to ensure that countries have 'pre-approved' interventions to integrate into grants when savings or efficiencies are found during grant-making, or to include via reprogramming during implementation if additional funding becomes available. Private sector and debt swap deals through the Debt to Health initiative can also be a source of funding for the above allocation request.

Note, the above allocation request is no longer the full expression of demand, but a prioritized request for additional funding should it become available during the funding cycle.

19. What role does country dialogue play in the next funding cycle?

Country dialogue should continue throughout the grant lifecycle. Before grants are signed, country dialogue ensures the development of the funding request and its implementation are connected to the larger context of the country's health sector and disease strategies, effectively engages civil society and key and vulnerable populations, and articulates how impact will be maximized through the Global Fund investment. Inclusive country dialogue remains an essential feature and eligibility requirement for the next funding cycle.

20. How will the Global Fund promote investments in programs for key populations?

The Global Fund strategy for 2017-2022 commits to scaling up evidence-based interventions for key and vulnerable populations, as well as supporting their meaningful engagement in Global Fund-related processes. As an example of this, the new allocation methodology includes qualitative adjustment factors that aim to reflect the needs of key populations.

Application focus requirements, previously part of the Global Fund Eligibility Policy, are now included in the Sustainability, Transition and Co-financing Policy. All applicants should include, as appropriate, interventions that respond to key and vulnerable populations, as well as address human rights and gender related barriers and vulnerabilities in access to services. Lower-middle income countries must focus at least 50 percent of their funding request on key and vulnerable populations and/or highest impact interventions. Upper-middle income countries must focus 100 percent of their funding request on interventions that maintain or scale-up evidence-based interventions for key and vulnerable populations.

21. Why does the Global Fund strategy include a focus on human rights and gender?

⁹ Encompassing the funding approaches previously known as multi-country and regional

Human rights barriers, including stigma and discrimination, undermine an effective response to the three diseases. Promoting and protecting the rights of people living with and affected by the diseases – including the rights of women, children, adolescents and youth, as well as members of key and vulnerable populations – is essential. This not only reduces the personal impact of living with the diseases, but also helps to create an enabling environment that encourages people to take up and use services. Addressing gender inequality and age-related disparities is essential for driving down infection rates, and reducing barriers to health and social services.

Global Fund's new strategy will promote and protect human rights and gender equality by:

- Scaling-up programs that support women and girls, including programs to advance sexual and reproductive health and rights;
- Investing to reduce health inequities including gender- and age-related disparities
- Introducing and scaling-up programs that remove human rights barriers to accessing HIV, TB and malaria services;
- Integrating human rights considerations throughout the grant cycle and in policies and policymaking processes;
- Supporting meaningful engagement of key and vulnerable populations and networks in Global Fund-related processes.

22. What does the increased focus on resilient and sustainable systems for health (RSSH) mean?

Building resilient and sustainable systems for health (formerly referred to as health systems strengthening interventions) are crucial to ensure people have access to effective, efficient, and accessible services through well-functioning and responsive health and community systems. The Global Fund expects each applicant to critically examine their health system and identify areas that need strengthening in order to become more resilient and sustainable and enable effective delivery of disease programs.

The revised Eligibility Policy and application focus requirements encourage targeted investments in RSSH in all countries, with broader focus at the lower end of the development continuum and more targeted focus in areas critical to sustainability at the upper end.

Global Fund's new strategy seeks to build resilient and sustainable systems for health by:

- Investing in strengthened community responses and systems;
- Supporting programs focused on reproductive, women's, children's, and adolescent health, and platforms for integrated service delivery;
- Strengthening global and in-country procurement and supply chain systems;
- Leveraging critical investments in human resources for health;
- Strengthening data systems for health and countries' capacities for analysis and use;
- Strengthening and aligning to robust national health strategies and national disease-specific strategic plans;
- Strengthening financial management and oversight.

23. How do co-financing requirements relate to the funding request and what has changed?

A new co-financing (formerly known as 'counterpart financing') policy was approved in April 2016 as part of the new Sustainability, Transition and Co-financing Policy¹⁰. Its purpose is to incentivize domestic investments in line with national priorities, epidemiological context, and fiscal capacity.

¹⁰ http://www.theglobalfund.org/documents/board/35/BM35_04-SustainabilityTransitionAndCoFinancing_Policy_en/

The policy is differentiated along the development continuum to account for diverse country contexts. At the lower end of the continuum, emphasis is more on domestic investments to build RSSH and move towards universal health coverage. As countries move along the continuum, expectations are for progressively higher co-financing of disease programs and key program components, to ensure sustainability and eventual successful transition from Global Fund financing.

Key changes to co-financing requirements:

- A focus on progressively increasing government expenditure on health, particularly in high burden countries with a low prioritization of spending on health and/or low capacity for domestic revenue capture¹¹ through implementation of robust health financing strategies to meet universal health coverage goals;
- Requiring all countries to demonstrate the progressive absorption of key program components, such as recurrent human resources, procurement of essential drugs and commodities, and programs that address human rights and gender related barriers and programs for key and vulnerable populations;
- With its focus on progressive increases in domestic financing, the minimum threshold requirement for co-financing is removed;
- Requiring engagement with key stakeholders, such as Ministries of Finance, and putting in place mechanisms for annual monitoring of co-financing requirements;
- A co-financing incentive of not less than 15 percent of the Global Fund allocation for each eligible component will be available to countries upon demonstrated increases in co-financing in priority areas of the disease program and/or related RSSH investments. The requirements to access this incentive depend on a country's economic capacity and disease burden;
- Greater flexibility to engage on co-financing issues depending on fiscal situation, disease burden, transition requirements, regional and other operating contexts, including challenging operating environments.

24. What are application focus requirements and what has changed?

Application focus requirements, previously part of the Global Fund Eligibility Policy, are also now part of the Sustainability, Transition and Co-financing Policy. They have been updated to reflect the direction of the new Global Fund strategy. These requirements emphasize the need for all funding requests to include evidence-based interventions, in line with their epidemiological context, which will maximize impact against the diseases and contribute towards building RSSH.

All applicants should include, as appropriate, interventions focused on key and vulnerable populations, and address human rights and gender-related barriers and vulnerabilities.

Applicant focus requirements and key changes:

- 1) Lower income countries (LIC) are strongly encouraged to include RSSH interventions in funding requests;
- 2) Lower middle income countries (LMIC) are still required to focus 50 percent of their funding request on maintaining or scaling-up interventions for key and vulnerable populations and/or highest impact interventions within a defined epidemiological context;
- 3) Upper-middle income countries (UMIC) must focus 100 percent of their funding request on maintaining or scaling-up interventions for key and vulnerable populations. They may also include new technologies or innovations that represent global best practice. Regardless of

¹¹ Particularly in countries where health expenditure accounts for less than 8 percent of government expenditure and/or tax revenues are lower than 15 percent of GDP.

disease burden, UMIC can include RSSH interventions that are critical for ensuring transition readiness. UMIC with an extreme burden can request funding for key program components, as long as they do not replace existing domestic funding for these interventions.

25. What is new during the grant-making stage?

Capacity Assessment Tool (CAT): Previously, a Capacity Assessment was required for each Principal Recipient (PR) prior to signing a grant with them. For the coming allocation period, only new PRs, or existing PRs that will implement new activities they have not been previously assessed for, will undergo a capacity assessment.

Audit Arrangements: Previously, it was mandatory to submit finalized audit arrangements as part of grant-making. Under the next allocation period, this will no longer be mandatory. It should, however, be finalized within three months of signing the grant agreement.

Performance Framework for Focused Countries: Under the differentiated approach, Focused countries will maintain a performance framework that has a reduced number of indicators and work plan tracking measures. This is to facilitate the reporting and management of grants, while focusing attention on implementation and achievement of results.

Annex 1: Differentiation Principles for Access to Funding
Approved by the Strategy Committee in June 2016

- 1. Differentiated level of independent review**
The TRP will continue to be engaged in the independent assessment for funding requests, but with a high degree of differentiation in the scope and depth of the process.
- 2. Country ownership**
The access to funding process will continue to build on national systems and strategies, mechanisms for co-financing and engagement of in-country stakeholders, including key and vulnerable populations, communities and civil society.
- 3. Tailored process for application and review of funding requests**
Process and methodology by which funding requests are submitted and reviewed will be: (i) evidence informed, building on challenges, results and impact of previous implementation periods; (ii) tailored to different contexts including epidemiology, operating environment, transition stage, fiduciary and programmatic risks, etc.; (iii) take into consideration material change
- 4. Simplification and refocusing on implementation**
The access to funding process should be sufficiently light and tailored to different contexts, to facilitate effective investment and use of GF resources to achieve the highest impact in line with the new strategy, rebalancing the time from concept note development towards program implementation.
- 5. Focused and timely reprogramming for greater strategic focus and impact**
Encourage and facilitate reprogramming at any time during the grant life cycle for greater impact, and not only during the application process.
- 6. Streamline and refocus on key information for decision making**
Documentation requirements should be tailored to essential information needed for effective review and funding decision-making, building on existing national and portfolio information.