The Global Fund
To Fight AIDS, Tuberculosis and Malaria

EMBARGO UNTIL THURSDAY FEBRUARY 28 12.00 (CET)

Selection of Countries for the New Funding Model

OVERVIEW

At its Twenty-Eight Meeting, the Global Fund Board approved a new funding model and requested its immediate launch. Following the Finance and Operational Performance Committee's decision on February 21, 2013 to approve up to US$1.9 billion for use in the transition in 2013 and 2014, the Global Fund is announcing the launch of the new funding model on 28 February 2013.

The new funding model is a significant milestone in the development of the Global Fund. It promotes more strategic investments for greater impact in the lives of people affected by HIV and AIDS, TB and malaria. It provides implementers with more flexibility around when they apply for funds. It helps align the Global Fund with national strategic planning, so that countries can move as quickly as possible from project to program funding. The new funding model also provides more predictability on the level of funding available, while encouraging countries to express full demand.

The new funding model also marks a striking evolution in the partnerships that define the Global Fund. Following Board approval in November, the Global Fund Secretariat has worked closely with many partners to put the key elements in place and prepare us for today's launch. We are grateful for the deep engagement of technical and implementing partners for their support during the development of the new funding model.

Although in the near term only a few countries will go through the full new funding model, we will support all countries in achieving greater impact. Every country must get a chance to engage a diversity of partners, including civil society, to use the best epidemiology and scientific data possible to achieve maximum impact. Countries can work with partners to strengthen national strategies by incorporating HIV and AIDS, tuberculosis and malaria treatment and prevention through a holistic, programmatic approach. The Global Fund will also work with partners to support countries to consolidate existing funding streams from the Global Fund and redesign grants as needed around coherent, strategic and high impact investments that are aligned with domestic and other external funding sources. Finally, country teams and senior leaders at the Global Fund will engage in explicit discussions with countries about how they will increase their own contributions to fight against the three diseases, paying especial focus to countries that are in the upper middle income category.

Based on the Board Decision Point GF/B28/DP5, the Global Fund Secretariat selected countries that are:

a. Positioned to achieve rapid impact;
b. At risk of service interruptions;
c. Receiving less than they would under the new funding model's allocation principles in 2013 – 2014; and
d. Diverse in areas including, but not limited to size, geography, capacity and proposal modalities (including non-CCM and regional applicants), so that lessons learned can be derived from all aspects of the funding model, including funding for underserved and most-at-risk populations (MARPs).

Using these criteria, the Global Fund invites 70 disease programs, representing grants from 56 countries as well as several regional proposals across all continents and across all three diseases.

In the transition, we applied the historic disease split as required by the Board Decision Point GF/B28/DP5 as an input into the allocation model. Across the total portfolio of existing and new funds, this represents 55% of total funds going to HIV/AIDS, 27% to malaria and 18% to tuberculosis. Of $1.9 billion approved for use by the FOPC, 55% of uncommitted indicative funds are initially allocated to HIV/AIDS, 34% to malaria and 11% to tuberculosis.

The split between diseases of total and uncommitted funds **will change**. There are two main reasons. First, interim applicant indicative amounts will be adjusted at the point at which funding requests are reviewed by the Secretariat. Second, the allocation of incentive funding across diseases will influence the disease split.

APPLICANTS IN THE TRANSITION PERIOD

Early Applicants

Based on the available funding, a diverse mix of six countries and three regional programs will be early applicants for the new funding model, going through all steps, from submission of a concept note to creation of a new grant. The funding amount allocated to early applicants for 2013 and 2014 is US$ 306 million (US$ 190 million to countries and US$ 116 million to regional initiatives). For 2015 and 2016, the estimated amount will be US$ 288 million.

Early applicants were chosen for various reasons: they represented a diverse group from across regions, the timing was aligned to the country needs, they would be receiving substantial funds, may be able to move rapidly, and were recommended by technical partners.

Please note that service interruption amounts are indicated with an asterisk (*).

Disease Component	Country	Indicative funding from uncommitted funds ($M)	Indicative funding 2015-16 ($M)	Total indicative funding ($M)
HIV	Congo (Democratic Republic)	24	48	72
HIV	El Salvador	5+(3*)=7,3	9,3	17
TB	Kazakhstan	11	23	34
HIV, Malaria, TB	Myanmar	11 +5+(6*)+8=29,2	47,4	77
TB	Philippines	11	23	34
HIV	Zimbabwe	69+(38*)=107	138	245
Total		**144+(46*)=190**	**288**	**433+(46*)=479**

As required in GF/B28/DP5, the Global Fund set aside a portion of the available funds for the transition phase for competition between early applicants as incentive funding. Incentive funding represents 20% of early applicants' indicative funding levels (without considering service interruptions). The first year amount of incentive funding, US$ 29 million (20% of US$ 144 million), comes from the US$ 1.9 billion, while incentive funds for 2015 and 2016 (US$ 58 million) are estimates that will be committed only after the replenishment amount is known. The total amount of incentive funding available for early applicant countries will be US$ 87 million (20% of US$ 433 million).

Incentive funds will encourage ambitious requests to the Global Fund based on the full expression of demand and will reward countries aiming for significant impact against the

three diseases. Impact should be based on the latest epidemiological evidence and focus on areas with the high transmission and among groups with the highest risk.

Regional efforts are often critical to achieve country objectives. As early applicants, the Global Fund will support three regional initiatives.

- **The Regional Artemisinin Resistance Initiative** aims to catalyze a coordinated response among partners to a major global threat to malaria control and to the Global Fund's investments over the last decade. The funds represent the Global Fund's contribution and commitment to a multi-country, multi-partner effort.
- **The Eurasian Harm Reduction Network initiative** is a non-CCM application aimed at promoting peer-to-peer technical support between harm reduction and allied civil society and community-based organizations in Eastern Europe and Central Asia (EECA).
- **The Regional Malaria Elimination Initiative in Mesoamerica and Hispaniola** aims to stimulate coordination efforts between countries in Mesoamerica and Hispaniola to achieve elimination of malaria in the region.

For purposes of the transition, the funds for the regional initiatives come from US$1.9 billion, which are not subtracted from country allocations.

Disease Component	Regional Initiative	Total indicative funding ($M)
Malaria	Regional Artemisinin Resistance Initiative	100
HIV	Eurasian Harm Reduction Network	6
Malaria	Regional Malaria Elimination Initiative in Mesoamerica and Hispaniola	10
Total		**116**

Interim Applicants

An additional 50 countries will receive funding through renewals, grant extensions and redesigned programs that can make use of additional funds in 2013. These countries are interim applicants. The financing they receive in 2013 will not affect the funding allocation from the 2014-2016 Replenishment period. However, funding these applicants receive in 2014 will be subtracted from their 2014-2016 allocation. In neither case will interim applicants be eligible for incentive funding during the transition since they will not use the full new funding model process.

The funding amount allocated to interim applicants is of US$ 1,565 million for the transition period. As noted above, the final amounts will be adjusted at the point at which funding requests are reviewed by the Secretariat.

Please note that service interruption amounts are indicated with an asterisk (*).

Country	Interim HIV programs ($M)	Interim Malaria programs ($M)	Interim TB programs ($M)	Total indicative funding ($M)
Albania	(0,1*)			0,1
Bangladesh			4	4
Belarus			1	1
Benin			2	2
Burundi		(2*)		2
Cambodia			1+(2*)=3	3

Cameroon	81			81
Chad		5		5
Congo (Democratic Republic)	58[1]	30+(55*)=85		143
Côte d'Ivoire		11+(58*)=69		69
Dominican Republic			3	3
Egypt			3	3
Ethiopia			9	9
Ghana	15			15
India[2]	(19*)			19
Indonesia		(21,2*)	(1,4*)	23
Jamaica	3			3
Kenya	53		13	66
Kosovo	(0,3*)			0,3
Lesotho	25			25
Malawi	108+(7*)=115	5		120
Moldova	(8*)			8
Mongolia	(0,3*)			0,3
Mozambique	137	13	23+(4*)=27	177
Multicountry Western Pacific	(5*)			5
Nepal	(2*)			2
Nicaragua			3	3
Niger	1	19		20
Nigeria	121	16+(151*)=167		288
Pakistan			(8*)	8
Papua New Guinea			(13*)	13
Russian Federation[3]	(5*)			5
Rwanda		(6*)		6
Solomon Islands			1	1
South Africa	37		55	92
Sri Lanka			3	3
Sudan		(7*)		7
Suriname		(0,3*)		0,3
Swaziland		(0,3*)		0,3
Tanzania (United Republic)	50	(114*)	12	176
Thailand	(3*)			3
Togo	12			12
Uganda	109+(10*)=119			119
Viet Nam			7	7
Yemen		2+(2*)=4		4
Zambia		(2*)	2+(1*)=3	5
Zimbabwe			5	5
Total	**812+(60*)=872**	**100+(419*)=519**	**146+(29*)=174**	**1,565**

[1] DRC was allocated an interim allocation for 2013 in addition to the amount it received as an early applicant in order to ensure that it can maintain current coverage levels during the next replenishment period.

[2] Funding will cover activities managed by a civil society organization in the Round 7 program that will come to an end 31 August 2013. In the absence of additional funding, the civil society-managed activities will terminate.

[3] Funding will cover HIV programs run by NGOs to avoid disruption of key service delivery to most-at-risk populations under the NGO rule of the Policy on Eligibility Criteria, Counterpart Financing Requirements, and Prioritization. The Transitional Funding Mechanisms for the two NGO grants are ending in the fall of 2013 and early 2014.