



Investing in our future

# The Global Fund

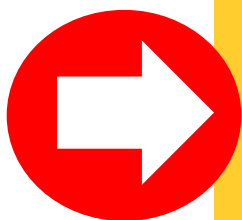
To Fight AIDS, Tuberculosis and Malaria

# Update Global Fund

Nairobi, December 2012



# New Funding Model: Objectives for the session



- Introduce key features of the Global Fund's new funding model
- Explain the timelines and process for the transition and full roll-out



# Introducing the new funding model

## Principles

### Principles of new funding model

- **Consistency** with the Global Fund Strategy 2012-2016, *Investing for Impact*
- Greater **alignment** with country-level 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**

# How does the New model differ from the current model?

### From current model

Passive role in influencing investments, not always focusing on countries or populations with highest need

Some high failure rates, low predictability with no incentives to integrate funding into wider country planning context

One-size-fits-all, bureaucratic processes with no Secretariat involvement before grant signing



### To New Funding Model

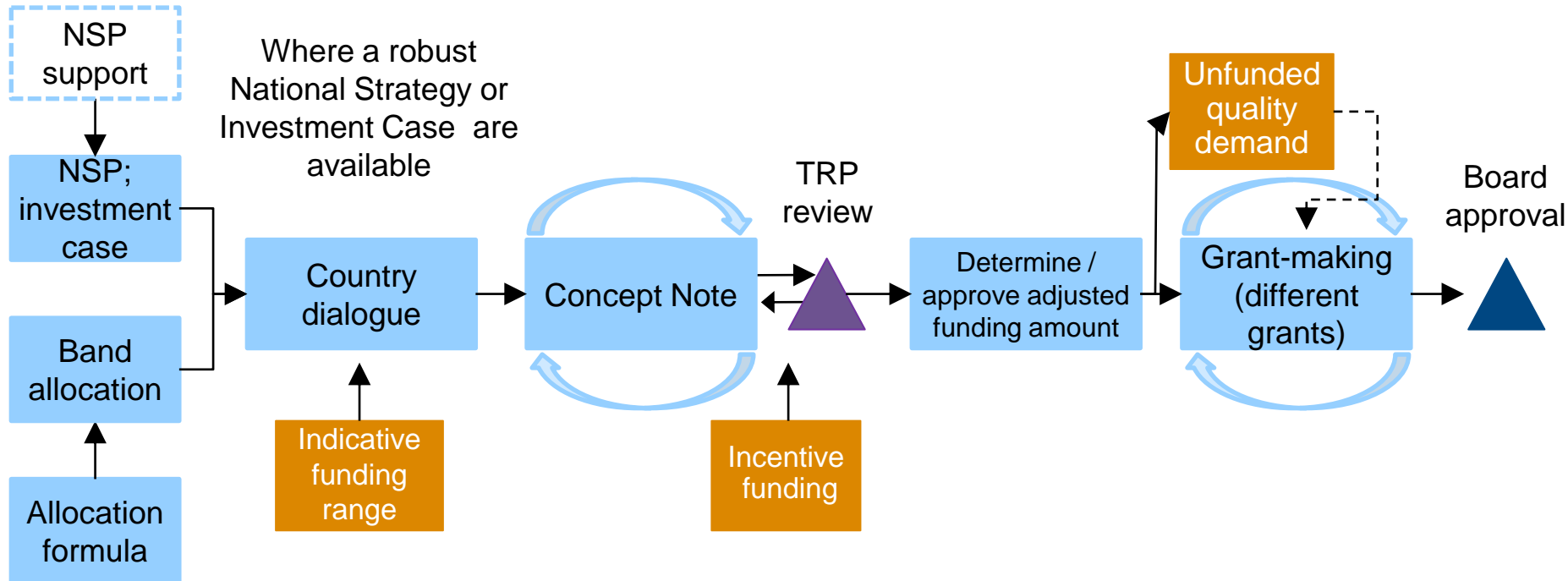
**Active portfolio management** targeting investments towards the right interventions in the right countries, on the right populations

**Higher success rates** with improved **predictability** for implementers and incentives to strengthen national planning

**Disbursement-ready grants** and more efficient, **differentiated approach** to risk management

## Introducing the new funding model

# Overview of new funding model: end-to-end



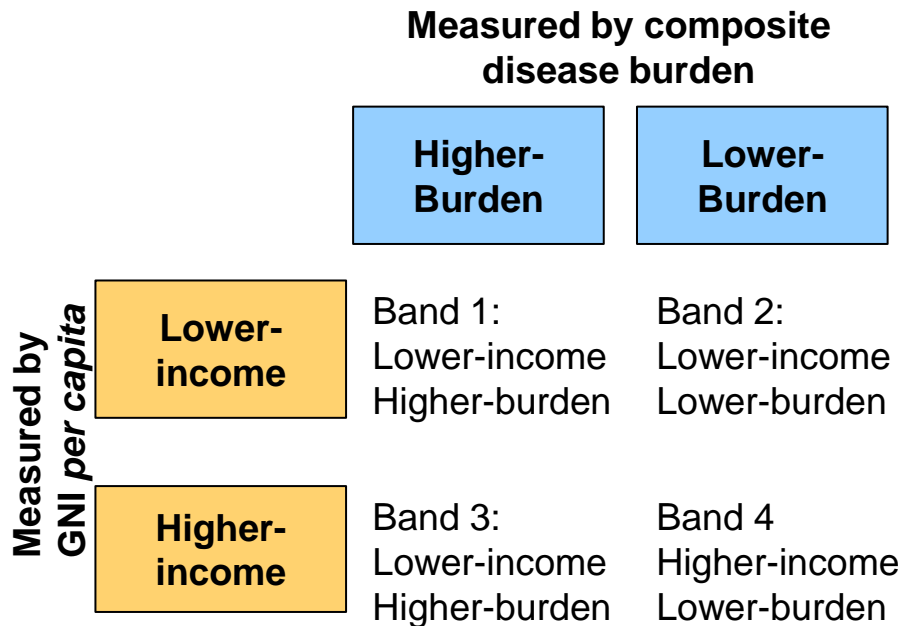
# Country Band structure combining burden and ability to pay

## Objectives of country bands

In line with The Global Fund's 2012-2016 strategy of Investing for Impact, Country Bands will:

- 1 Allow the Board to **shape the profile of the Global Fund's portfolio**, to ensure it is consistent with the organization's objectives and Strategy
- 2 Allow for **flexibility** in assigning funding within a Band, and enable **fair competition** (for incentive funding)

## Board approved band structure



**Cut-off points and countries by band will only need to be agreed by end of 2013**

# Principles for allocating funding to each Country Band

<b>Strategic focus</b>	<b>Focus funding on countries with highest needs and least ability to pay</b>
<b>Simplicity</b>	<b>Easy to communicate to implementers and other stakeholders</b>
<b>Transparency</b>	<b>Use objective and widely accepted and available data</b>
<b>Global reach</b>	<b>Funding distribution should remain global</b>
<b>Comprehensive scope</b>	<b>Taking committed and uncommitted assets into account</b>
<b>Flexibility</b>	<b>Output of the allocation formula is a guiding number</b> <ul style="list-style-type: none"><li>• To be adjusted by pre-determined qualitative criteria</li></ul>

***Use of allocation formula based on disease burden and ability to pay***

# Use of qualitative factors in apportioning funding

Draft – for discussion only

Decision Point:  
Part Two –  
Paragraph 4

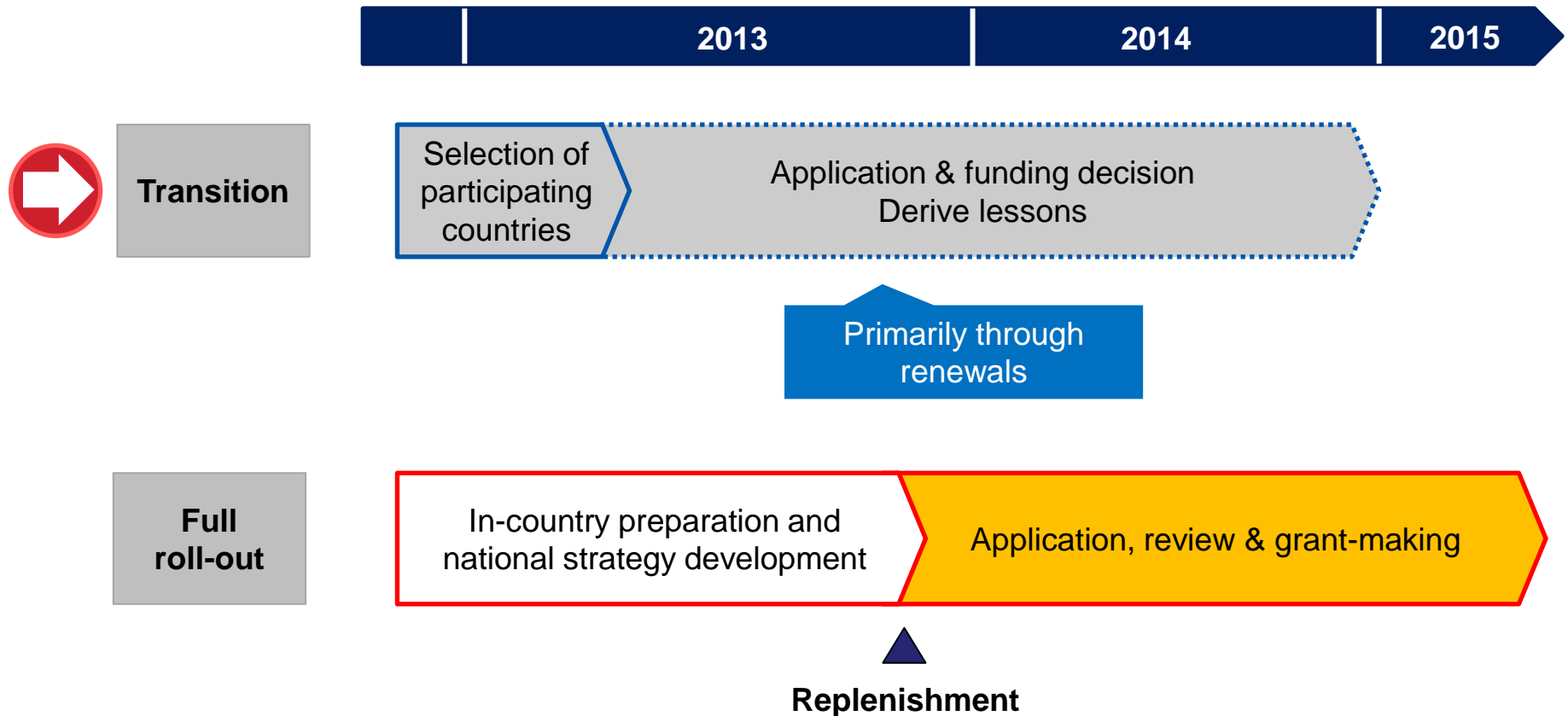
	Band aggregation	Country Dialogue	Grant-making
Minimum funding level	✓	✓	
Major sources of external financing	✓	✓	✓
Willingness to pay		✓	✓
Past program performance/ absorptive capacity		✓	✓
Risk		✓	✓
Increasing rates of new infections in lower prevalence countries		✓	✓

Note: Amounts could be adjusted upwards or downwards



When will it be implemented?

# Timelines: Transition vs. full roll-out



# How will applicants access funding?

## Participation in the Transition

Who will be invited to participate?

Significantly “underfunded” over the 2013-2014 period

Positioned to achieve rapid impact

At risk of service interruptions

Selected participants will be diverse in areas so that lessons learned can be derived from all aspects of the funding model, including funding for underserved populations and MARPs

# Your questions...