

COMMUNITY UPDATE FOR MSM ADVOCATES

The Global Fund's New Funding Model: *Decisions at the November 2013 Board Meeting!*

November 2013

WHY IS THE NEW FUNDING MODEL IMPORTANT FOR MSM?

The Global Fund to Fight AIDS, Tuberculosis, and Malaria (GFATM) launched their New Funding Model (NFM) in early 2013. The NFM is designed to allow for greater flexibility, predictability, and simplicity in the application process. The NFM also aims to improve impact and management of grants, enhancing civil society participation to help ensure investments are strategically targeting the right intervention and the right population.

The NFM also strives to support continued funding for key affected populations (KAPs),¹ including men who have sex with men (MSM). Civil society has an invaluable role to play mobilizing country-level communities and pushing national governments to address the needs of the communities the most affected by HIV. The current period of transition to the NFM presents a unique opportunity to reassess the roles that civil society and key populations can and should play in the development and implementation of GFATM grants.

For MSM and other KAPs advocates, this period represents an unprecedented opportunity to shape the NFM, ensuring it is responsible to KAPs and responsive to human rights concerns. The Global Forum on MSM and HIV (MSMGF) has worked closely with in-country advocates to monitor the transition to and implementation of the NFM during the year 2013, identifying a number of issues that may impact HIV programming for MSM and other KAPs.

In preparation for the full launch of the NFM in 2014, this update summarizes key issues discussed at the most recent GFATM Board meeting this November, with a focus on issues of particular concern for civil society organizations and KAPs advocates. Future briefings will focus on key issues as they arise, with special attention to recommendations for country-level advocates to prepare for the full launch of the NFM in early 2014.

¹ Different governments and organizations have different definitions of the groups included in "Key Affected Populations." The GFATM defines KAPs to include groups disproportionately impacted by HIV when compared with the general population, including gay men and other MSM, women and men who inject drugs, sex workers, transgender people, people living with diseases, migrants and mobile populations, and incarcerated persons.

WHAT IS THE TIMELINE FOR ROLLOUT?

November 2013	December 2013	January 2014	February 2014	March 2014
<p><i>Late month:</i> Sharing of initial guidance on regional application management.</p>	<p><i>On the 3rd:</i> Donors make pledges at the GFATM Replenishment Conference in Washington D.C., forming the basis of funds available for the 2014-2016 period.</p> <p><i>Late month:</i> GFATM will make available a standard format for submitting an application for funding programs to fight the three diseases, including joint applications for HIV and TB.</p>	<p><i>Late month:</i> GFATM will share the application format for non-standard grants, such as health systems strengthening, non-Country Coordinating Mechanisms (CCMs), and regional applications.</p>	<p><i>Late month:</i> The GFATM Board is expected to approve allocation of funding to country bands.²</p>	<p><i>Late month:</i> Countries informed of their allocation envelopes (indicative funding);³ full implementation of the New Funding Model begins.</p>

HOW WILL THE NEW ELIGIBILITY CRITERIA AFFECT CIVIL SOCIETY?

During the last GFATM Board Meeting, held 7-8 November in Geneva, major issues for civil society included Board approval of revisions to the Eligibility, Counterpart Financing, and Prioritization (ECFP) Policy. The most significant modifications to the ECFP Policy concern changes in eligibility requirements for funding, resulting in countries becoming newly eligible or newly ineligible as a result of a country's income level or disease burden.

It is likely that these changes will render a number of middle-income countries (MICs) ineligible for funding, and civil society representatives at the meeting argued that there is a public health and human rights imperative for the GFATM to remain active in MICs. Civil society representatives, including KAPs and PLHIV from numerous regions, were deeply concerned that some of the proposed revisions could have a significant impact on the ability of KAPs to access prevention and treatment for HIV and tuberculosis. The GFATM's continued engagement in MICs is required in order to maximize and sustain progress made against epidemics of (MDR)-TB and HIV, to ensure the sustainability of the response to the HIV epidemic in countries newly ineligible for funding, and to support the critical role of civil society in these processes.

Revised Eligibility Criteria for Single Country Applicants

Under the NFM, a country's eligibility for funding is determined primarily by the country's gross national income (GNI) and HIV prevalence rates. Country eligibility is scored by a new formula that combines these two factors, disqualifying countries with higher GNIs and lower HIV prevalence rates. The GFATM's Strategy, Investment, and Impact Committee (SIIC) will meet in February 2014 to finalize the formula and announce to the public, after GFATM Board approval, the list of eligible countries and the amount they are able to receive.

² Country band: bands have been described as a way to meet the objectives of the GFATM in shaping the profile of its portfolio and to allow for flexibility in assigning funding within a band to enable for fair competition. Countries would be allocated to country bands according to disease burden and Gross National Income *per capita* (GNI_{pc}).

³ During the country dialogue, the GFATM Secretariat will communicate an "indicative funding" ceiling. This is core funding a country can expect to be granted, and it should be used as a guidepost in the development of the concept note.



At the GFATM's most recent Board meeting, the Board decided to revise eligibility criteria for single country applicants to change the GNI cutoff, expanding the number of countries that are considered "too wealthy" to receive GFATM funds, including more middle-income countries (MIC). This could have a negative effect on numerous countries in Eastern Europe, Central Asia, Latin America, the Caribbean, the Middle East, and North Africa. Many of these countries have concentrated epidemics among KAPs and governments that provide little or no funding for KAPs programming. Without GFATM support, HIV prevention and treatment for KAPs may be in jeopardy, as many KAPs programs in these regions exist only through this funding channel.

Once the formula for eligibility is implemented, each country's eligibility for funding will be reassessed on an annual basis. This means that the GFATM will rerun the formula every year using updated GNI and HIV prevalence rates to determine whether each country is still eligible for funding.

Because the GFATM's standard grant period is 3 years, it is possible that a country will be eligible in year 1 but become ineligible for funding in year 2 or 3 of the grant they received. These countries, called "transitioning countries," will have a "transition period" during which they will continue to receive GFATM funds as they transition out of GFATM support. The amount received during the transition period will be determined by the GFATM Secretariat, and it is expected to be equal to or greater than the equivalent of one year of funding (i.e. one third of the amount that would be allocated using the formula). This transition period will also be afforded to countries that currently receive GFATM support but are rendered ineligible by the introduction of the new formula in February 2014. While transitional provisions are modest, they are designed to allow transitioning countries to plan and budget to take over critical program components that address the poorest and most marginalized KAPs.

As a result of pressure from the implementers block (composed of implementer countries and civil society constituencies) at the November Board meeting, a new decision point has been included that requests the SIIC to explore further options and recommendations to refine the GFATM's approach to transitioning countries; findings are expected to be announced by 2014. Consideration of public health indicators to measure progress in sustaining and enhancing gains against the 3 diseases will be included in order to refine the amount available for transitioning countries.

Revised Eligibility Criteria for Multiple Country (Regional) Applicants

Responses to HIV, tuberculosis, and malaria sometimes require a regional approach with cross-border interventions. Under the NFM, the GFATM will continue to support strategically-focused regional applications that achieve high impact, represent value for money, and successfully reach KAPs. Regional proposals create opportunities for sharing experiences and building stronger support networks for KAPs in countries that have common cultural, linguistic, and historic values, regardless of their income level.

At the same time, regional projects focused on advocacy provide opportunities for civil society organizations (CSOs) to coordinate efforts, build coalitions, and engage a range of external stakeholders in activities that are otherwise difficult to implement at a national level, particularly in countries where governments are reluctant to increase funding for KAPs programs. High-income countries could benefit favorably from such projects, as higher income status does not necessarily equate willingness of certain governments to pay for services targeting KAPs.

While the new formula may disqualify a country from receiving GFATM funds as a single country applicant, that same country may still be able to access GFATM funds as part of a regional proposal. However, for a regional proposal to be eligible for funding, more than half of the countries included in the proposal must meet the criteria for eligibility as a single country applicant. This decision is critical to MSM advocates from current or future ineligible countries, as it will allow them to access funding support for their activities by including these activities as part of a regional proposal.

The GFATM Board will decide the exact amount of funding reserved for regional proposals at its March 2013 meeting. While full funding arrangements for regional proposals are not yet clear, advocates expect that less funding will be available for regional proposals under the NFM than under the previous model. Civil society



representatives expect that a large number of regional proposals will be submitted in 2014, and it is unlikely that the funding reserved will support all of them. The GFATM Secretariat has stated that countries could transfer some of their indicative allocation to the principal recipient/lead agency of a regional proposal. However, it is unlikely that many conservative governments will agree to do so, and it is still unclear how the GFATM will respond when this issue comes up.

With this in mind, all regional applications will follow a two-step process under the NFM. Applicants will first be asked to submit a short expression of interest that makes the case for their regional proposal, including expected impact and funding needed. Eligible expressions of interest will then receive an invitation to submit a concept note, and applicants will be given an indicative funding amount.

In order to ensure that there is an equal opportunity to access funding set aside for regional applications, there will be two windows for applicants to express interest: one in April 2014 and the other in April 2015. It is expected that approximately half the available funds will be set aside for each year. By January 2014, the GFATM will make available all tools and guidance needed to submit an expression of interest.

For more information, please refer to Board Decision 5 and Board Document Global Fund-B30-06, “**New Funding Model: Eligibility, Counterpart Financing and Prioritization Policy Revision**,” available at www.theglobalfund.org/en/board/meetings/thirtieth.

WHEN CAN COUNTRIES APPLY?

The GFATM’s transition to the NFM is currently underway, taking place in 2 distinct phases – the Early Application Phase and the Interim Application Phase. Two select groups of countries were chosen to apply for funds during the two transition phases, respectively.

In the Early Application Phase, beginning in February 2013, the GFATM selected a small group of 6 early applicant countries to pilot and test the model: Zimbabwe, El Salvador, Myanmar, Democratic Republic of Congo, Kazakhstan, and the Philippines. As of November 2013, 9 grants have been signed (2 for El Salvador, 6 for Myanmar, 1 for Zimbabwe).

The Interim Application Phase began in April 2013, which invited interim applicant countries to apply for funding renewal opportunities on existing grants ([List of interim applicants](#)). Country selection criteria included: (1) eligibility based on a draft version of the new formula that accounts for GNI and HIV prevalence; (2) the potential for program disruption in 2013 and 2014 (antiretroviral drug stock outs, for example); and (3) the potential to achieve rapid impact and results. As of November 2013, funding requests received in the Interim Application Phase are on track, with 33 of 61 grant programs having completed preliminary reviews and scheduled to receive funding in 2014.

Lessons learned and community feedback received during the transition period will be incorporated into an updated NFM, which will be fully launched in 2014. In anticipation of a large wave of grants in 2014, the GFATM is training country-level staff on the NFM. They are also making an effort to ensure that implementing countries receive sufficient technical support for developing new grant proposals.

Total funding for the NFM through 2016 will be determined after the replenishment conference (December 2013) and the next GFATM Board meeting (February 2014). The GFATM is hoping to raise necessary funds by or before the start of 2014. Based on early communications from the GFATM Secretariat, funding decisions will be quarterly and tied to application submission periods throughout the allocation cycle.

NEXT STEPS

The MSMGF is expanding its work as a technical partner throughout the implementation of the NFM and will provide regular updated briefings in order to improve the level of knowledge and engagement of country-level MSM to ensure sustainability of HIV programs for the most affected communities. Future briefings will examine key issues as they arise, with a focus on recommendations and guidelines for country-level advocates to prepare and be ready for the full launch of the NFM early 2014.



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