


Transition and Co-financing

Technical Brief

Grant Cycle 8

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Core
Guidance

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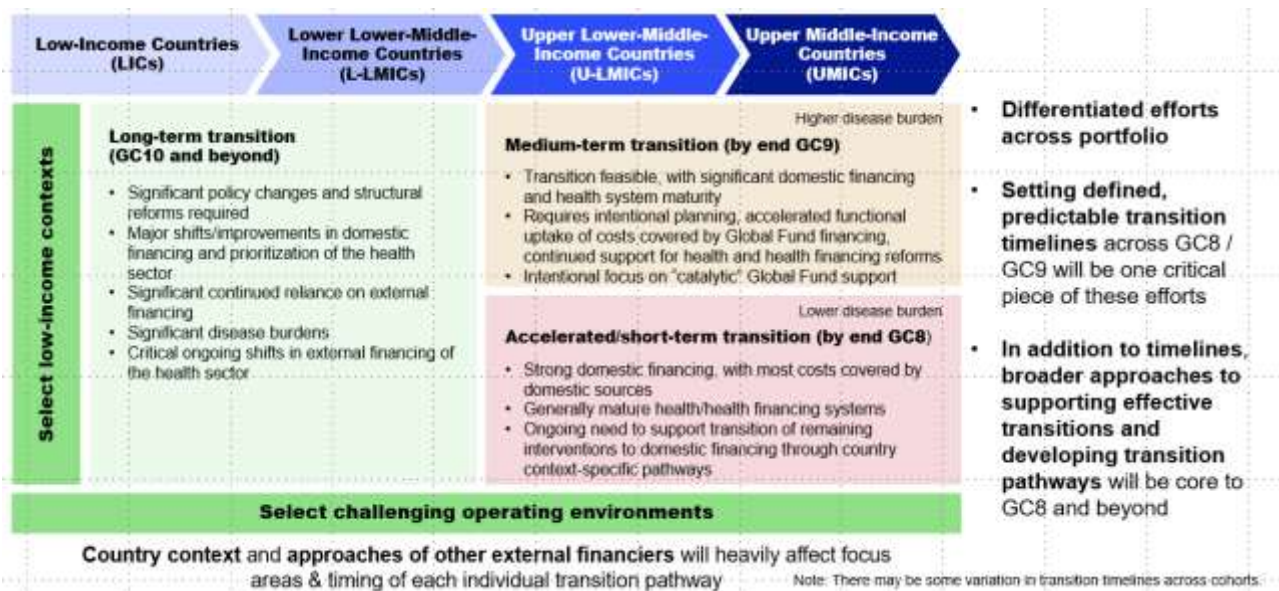
Introduction

Amid declining external financing and a constrained global funding environment in Grant Cycle 8, countries face growing fiscal pressures and programmatic gaps, highlighting the urgent need to accelerate self-reliance.

This document¹ provides guidance to countries on managing transitions from external support for HIV, tuberculosis, malaria national responses and health systems and implementing co-financing requirements set by the Global Fund to strengthen domestic financing.

It is guided by the Global Fund’s [Sustainability, Transition and Co-financing \(STC\) Policy](#) (2016, 2024)² and [Global Fund Strategy \(2023-2028\)](#), and supports implementation of the Global Fund’s [GC8 strategic shifts](#), fundamental to supporting countries to effectively transition away from external financing.

Figure 1: Supporting transition pathways in GC8 and beyond



Transition, Co-financing and the Grant Life Cycle

Considerations related to transition and co-financing should be integrated into all aspects of the grant life cycle as described below.

Country Dialogue

Country dialogue for Grant Cycle 8 should convene key institutions responsible for policy, planning, budgeting, service delivery, and oversight across the health system, including ministries

¹ The STC Guidance Note was originally published in December 2020. This updated version of the Guidance Note reflects changes made ahead of the 2026-2028 allocation period and in line with the 2023-2028 Strategy and the revised STC Policy approved by the Board in November 2024.

² Approved by the Global Fund Board via GF/B52/DP04, available on the Global Fund website: [STC Policy](#).

of health and finance, procurement and supply chain agencies, health insurance authorities, sub-national governments, and civil society. This inclusive approach helps ensure that transition challenges are clearly identified, priorities reflect both disease-specific and system-wide needs, and investments supported by the Global Fund are aligned with national systems.

Funding Request

During country dialogue and funding request development, applicants should assess key dependencies on Global Fund financing in a constrained funding environment. Particular attention should be given to services and interventions at risk if external funding declines, especially where domestic resources are limited. Funding requests should clearly outline these risks and describe how countries plan to strengthen domestic financing and gradually assume greater responsibility for HIV, tuberculosis, and malaria responses.

Funding Request Form (Sections 2, 3 and 4)

- Highlights core transition challenges facing national health systems and response.
- Describes trends in overall health financing landscape (domestic and external) and progress on co-financing commitments, including for overall health spending (in LICs and LMICs only), national disease responses and specific programmatic interventions.
- Requests information on national planning processes related to transition, actions being taken to address challenges identified and how the funding request supports those actions.

Funding Landscape Table

- Captures historical and projected financing needs for health, RSSH priorities, HIV, TB, malaria, including available domestic and external resources beyond the Global Fund.
- Provides a reference for baseline and projected government spending to support understanding of the overall financing landscape as countries develop funding requests and Global Fund grants.
- Informs the development of government co-financing commitments reflected in the Commitment Letter.

Co-financing Commitment Letter

- Formalizes government co-financing commitments in line with the STC Policy for the GC8 allocation period across all applicable disease components, with realistic but ambitious financial commitments, and clear metrics for reporting and measurement. Requires endorsement by the Ministry of Finance or relevant budget authority and Ministry of Health³. Includes commitments to financial specific programmatic interventions, critical to supporting financial sustainability and reducing dependence on Global Fund financing, including in transition contexts.

HIV and TB programmatic gap tables, Roll Back Malaria (RBM) Tool

- Outlines the potential programmatic gaps and sources of financing for those gaps per disease.

Implementation Arrangements

- Sets out how Global Fund financing flows to countries and is implemented at the country level, including via government entities, CSOs and community organizations.

Other transition documentation

- Includes full or targeted sustainability and transition assessments, transition plans and workplans or equivalents.

³ For Focused portfolios, a signature from the Ministry of Health or other relevant government authority is sufficient

Grant-making

The grant-making phase provides a critical opportunity to further operationalize considerations related to transition, finalizing co-financing commitments and ensuring alignment between Global Fund investments, national priorities and national health financing strategies.

Technical Review Panel (TRP) recommendations

- Development and implementation of recommendations related to transition (including domestic financing, value for money, health financing, etc)

Interventions to support transition readiness

- Definition of relevant interventions to be supported by Global Fund financing. Incorporating key interventions in the grant through the relevant RSSH and health financing interventions in the modular framework to address any identified transition risks.

Co-Financing Commitments:

- Co-financing commitments should be finalized during the grant-making process and fully completed prior to the approval of GC8 grants. This ensures that domestic co-financing commitments are aligned with the use of Global Fund resources, support progressive uptake of specific programmatic interventions, including those financed by the Global Fund, and support effective transition.

Grant Implementation

Countries effectively report on co-financing commitments, implement planned, grant-financed interventions aimed at strengthening the transition readiness of national responses and ensure coordination of domestic and grant finance to minimize inefficiency and duplication.

Monitoring and reporting on co-financing commitments

- Tracking progress against commitments in signed co-financing commitment letters and reporting on these commitments on an annual basis

Implementation of key interventions

- Implementation of interventions related to transition that are included in grant budgets.
- Monitoring the impact of these interventions

Development and/or implementation of national planning processes

- Implementation of national planning efforts, including transition plans and/or assessments, that support preparations for future grant cycles.

Transition from Global Fund Financing

Global Fund definition: Transition is the process by which a country, or a country component, moves towards fully funding and implementing its HIV, TB and malaria responses independent of Global Fund support.

Since its inception, the Global Fund has provided complementary support to countries to fight AIDS, tuberculosis, and malaria, with the goal of enabling progressive self-reliance. Amid increasing pressure on external financing, planned and context-specific transitions are essential to sustain coverage and preserve gains. Effective transition requires joint efforts to continue reducing disease burden in the short term while gradually shifting financing and management responsibilities to countries. Disease components fully transition (or “exit”) from Global Fund support when:

- (1) they are no longer eligible for funding as per the Global Fund [Eligibility Policy](#);
- (2) they decide to voluntarily transition; or
- (3) they have received their final allocation as part of a defined transition timeline.

Countries are encouraged to plan early for transition, embedding transition considerations throughout funding request development, grant-making and grant implementation – even if they are multiple cycles away from full exit from Global Fund financing. To support predictability, properly shape GC8 grant investments, improve advanced planning, and avoid abrupt transitions the Global Fund communicates defined transition timelines (where relevant) to a sub-set of countries via Allocation Letters before each grant cycle. A full list of countries transitioning from the Global Fund in GC8 and GC9, is available [here](#).

Transition pathways and key transition considerations

Preparing for transition from Global Fund financing early allows countries to better adapt to funding changes and address key transition challenges gradually, over time. While transition pathways depend on country context, common priorities include dedicated transition planning, shifting key interventions to domestic financing, advancing health and financing reforms, designing grants to support transition goals, strengthening services for vulnerable populations and supporting the sustainable financing of community systems, leveraging cost-effective and value for money procurement approaches, and improving governance and coordination mechanisms to support the transition process.

Preparing for and Supporting Effective Transitions

- 1. Transition Planning.** Countries have flexibility in how they approach transition planning, but it should be country owned, aligned with national strategies, grounded in fiscal realities, and coordinated with donors and partners wherever possible. Effective planning requires a transparent, inclusive process with strong stakeholder engagement to ensure robust analysis, political commitment, and ongoing monitoring of the transition from Global Fund support. Strong transition planning should support the development of Funding Requests and grant design. Applicants should consider various thematic areas when undertaking transition planning, including:
 - **Understanding the current design of Global Fund grants and existing financing of specific interventions** helps to analyze what aspects of existing national responses are supported with external financing, and how this financing is implemented at the country level. All transition planning processes should incorporate a robust, detailed understanding of existing grant financing and grant design.

- **Understanding epidemiological and programmatic context** helps define country-specific transition pathways and identify transition risks. This includes assessing disease burden and trends, service coverage and access, future program needs, feasibility of government-led service delivery, and the effectiveness of priority interventions.
- **Financing of the health system and national responses and the government's fiscal capacity** to assume costs previously covered by external support. This includes the current and projected funding landscape, contributions from other donors, public financial management, the impact of reduced external funds, opportunities for domestic resource mobilization and innovative financing, and progress on health financing strategies and reforms.
- **Health system capacity** is a critical pillar of transition, and covers: national health information systems; human resources for health, including community health workers; laboratory systems; community systems and responses; procurement and supply chain systems; health system planning, monitoring and evaluation; health sector reforms and their relevance for disease program sustainability (e.g., the potential to leverage system-wide components for disease-specific functions).
- **The contribution of communities and CSOs** to the national response, including the workforce deployed to deliver peer-led services and support to address human rights-related barriers to accessing health services, is often significantly dependent on external financing. Landscaping different types of community care providers and assessing their integration into national systems and workforce planning is essential for eventual absorption through domestic resources.
- **Governance structures** should plan to maintain strong, inclusive, multisectoral voices representing the TB, HIV and malaria communities during the transition process and after the end of Global Fund financing. National commitment to managing and financing the national response, including specific interventions for key and vulnerable populations, is key to a successful transition. National and sub-national authorities should be aligned on this commitment, particularly in decentralized health systems.
- **The health-related policy, regulatory and legal environment** may impact transition if issues are not addressed appropriately during transition planning. For example, countries should assess barriers to accessing health services, such as those related to human rights and gender, stigma and discrimination in accessing health care, low levels of health-seeking behavior among men, and the availability and accessibility of youth-friendly services.

Robust transition planning should prioritize key areas, assess feasibility, and identify how technical assistance and Global Fund grants can support addressing identified challenges. Countries are encouraged to establish inclusive, multi-sectoral transition working groups at the country level with clear accountability and coordination, leveraging existing assessments, partner exercises, and Global Fund tools to support country dialogue on the transition process. In line with the Global Fund's Sustainability, Transition, and Co-Financing policy, sustainability and transition analyses should inform the design of GC8 funding requests. Countries are strongly encouraged to build on existing transition analysis and/or planning processes ahead of GC8, wherever these exist.

2. Transitioning specific interventions from Global Fund to domestic financing. A deliberate approach is needed to transition interventions from Global Fund support to domestic financing to prevent service disruptions and sustain coverage. Countries should analyze which interventions are funded by the Global Fund, which domestic entities can assume costs, and the timelines for transition, taking into account context-specific factors, including:

- **Funding landscape:** Who currently funds what? How will this shift? What specific interventions are currently dependent on Global Fund financing?
- **Fiscal space/economic situation:** What is the ability of countries to increase financing in the medium- to long-term for specific interventions/costs?
- **Existing co-financing commitments made for GC7:** What commitments already exist in the current grant cycle? What is the progress made toward meeting these commitments, and which of these could be built on?
- **Selecting interventions for transition:** Which interventions are best placed to be transitioned to domestic financing and what does the transition pathway look like for specific interventions?
- **Scaling of relevant interventions:** Over what timeline can specific interventions be moved to domestic financing?

The Global Fund, through its co-financing policy, encourages all countries to gradually assume program costs and the financing of specific interventions. The transition of interventions to domestic financing should be accelerated as countries move closer toward transition.

3. Transforming national responses and supporting health and health financing reforms. Successful transitions may require transforming national responses and leveraging ongoing health and financing reforms at the country level. Beyond replacing external funding with government resources, countries must consider necessary changes in governance, financing, and service delivery—including integration—to maintain effective program coverage without external support. Countries should consider which transformations are needed and/or underway and how the Global Fund and other partners can support these transformations both before and during the transition process.

4. Grant design to support the transition process. The design of Global Fund grants, how external financing flows to countries, and the specific interventions financed via grant resources are important levers for transition preparedness and should be considered during country dialogue.

For example, if countries are planning to integrate financing and service delivery of the three diseases into overall national health systems, Global Fund grants can be used to fund and channel external financing incrementally through these mechanisms. As part of the efforts to channel funding through country systems, Global Fund grants may be used to strengthen Public Financial Management systems for seamless flow of funds to front line facilities and workers, increased transparency, accountability and fiduciary of the use of funds.

Likewise, to encourage integration of three diseases and increased use of country systems, Global Fund grants for certain contexts may be better delivered through Results-Based Financing (RBF) modalities rather than input-based budgeting. In certain contexts, Global

Fund grants may be more catalytic if resources (or part of the available resources) are aligned with and/or blended with other concessional lending for the health sector.

5. Services for key and vulnerable populations and community systems.

- **Continuity of services for key and vulnerable populations.** When programs financed by the Global Fund transition to domestic funding, lessons learned indicate that the continuation and scale-up of interventions for key and vulnerable populations are often at risk of cessation or interruption, and often lack sufficient domestic financing.

Programming that serves key and vulnerable populations at high risk of infection, including addressing barriers to services such as those related to human rights- and gender, require continued domestic financing and political commitment. These populations should participate in processes and planning and not only as recipients and implementers of services.

- **Community, CSOs and other non-state actors.** Non-state actors, including NGOs, CSOs, and community-based organizations, are essential for delivering services, particularly to key and vulnerable populations. While the Global Fund's historical focus on dual-track financing⁴ has strengthened their role, maintaining services becomes challenging as donor funding declines. Transition planning should prioritize strengthening government–civil society partnerships and ensuring sustainable public financing, while addressing fiscal, legal, and regulatory barriers to preserve and scale their contribution to national responses.

Sustaining services provided by civil society and communities during transition requires strong public financing and contracting mechanisms. Where these exist, planning should focus on capacity building, consistent budgeting, scale up of financing to reach programmatic goals, and efficient procurement; where they do not, alternative arrangements may need to be identified to prevent service gaps. Ensuring communities and civil society have sufficient capacity and funding—through government, private sector, or philanthropic support—is essential for maintaining strong national responses after Global Fund financing ends.

6. Non-grant funded procurement approaches

As countries transition, reliable access to HIV, TB and malaria health products remains crucial and strong planning and procurement strategies are essential, including optimizing procurement channels for both grant-funded and domestically financed commodities.

Use of the Global Fund's Pooled Procurement Mechanism (wambo.org) is recommended to access negotiated prices, quality-assured products and a diversified supply base, while simplifying procurement and securing access to lower-volume products such as paediatric formulations.

⁴ **Dual-track financing** refers to the Global Fund's approach of channeling resources through both **government and non-government (civil society)** entities within a country's grant portfolio.

The Global Fund is accelerating the scale-up of its non-grant financed procurement mechanism through updated policies and initiatives, including the development of a pre-financing mechanism and strengthened strategic procurement partnerships.

Additional actions and guidance for countries to consider sustaining reliable access, including demand concentration and reduced customization, are outlined in the Procurement and Supply Chain Management Technical Brief for GC8.

7. Governance and CCM support for the transition process and selection of implementers

- **CCMs and transition.** CCMs play a key role in supporting the transition preparedness process and overseeing a successful transition. As a country prepares for transition of at least one of its disease components, the role of the CCM should be appropriately adapted.

This includes supporting and overseeing transition planning processes (as part of CCM oversight activities) in consultation and coordination with national stakeholders. This may include enhancing linkages to key national actors (such as the Ministry of Finance); updating oversight plans to increase the focus on monitoring domestic commitments related to transition; ensuring future planning and oversight mechanisms are inclusive and engage communities; using CCM activities and funding to help drive the transition planning process; supporting implementation or oversight of transition workplans; or enhancing CCM member capacity around transition-related topics.

Countries preparing for transition in all eligible components should envisage the evolution of the role of the CCM, particularly with respect to maintaining the key principles of inclusion and participatory decision-making in the national health governance architecture. Options to consider include: 1) maintaining the CCM when it plays a strong and effective role in the national governance architecture, in which case resources may need to be mobilized to continue CCM functions of inclusive health governance after transition; or 2) merging the CCM with other national governance entities while ensuring that the core CCM principles of inclusivity and participatory decision-making are maintained / integrated.

- **Selection of Implementers.** In preparing for successful transitions, CCMs are expected to consider which entity is the most appropriate to guide transition preparedness and implement transition activities and grants. CCMs should carefully consider the selection of local entities and government entities as PRs. While country context will influence these decisions, this may help ensure national ownership of key interventions financed by external donors while building national capacity for implementation of donor-financed activities.

When it is not possible or appropriate to select either a local or government entity to implement Global Fund grants, CCMs are strongly encouraged to include in their funding requests specific details as to how international nongovernmental organizations or other entities will ensure that capacities are transferred to local institutions as quickly as possible. Overall, CCMs should start as early as possible to shift essential functions of the disease response to local institutions.

Final Transition Grants

The Global Fund's [STC Policy](#) allows for the provision of transition funding for components that become ineligible for Global Fund financing and sets accelerated timelines for some disease components to improve planning and predictability. Final transition grants are intended to support prioritized interventions from the country's transition plan and funding request, to support an effective, time-bound shift from external financing, tailored to each country's context.

While these will heavily reflect country context and are expected to vary, final transition grants may include:

- **Activities that enhance sustainability and support the transition of effective and evidence-based services for key and vulnerable populations.**
- **Activities that strengthen the overall health system** to sustain progress against HIV, tuberculosis, and malaria. This includes supporting government–non-state actor linkages, public financing for community and CSO services, health workforce sustainability, robust program and financing data, public financial management, service integration, and reliable procurement to maintain access to quality health products during and after transition.
- **Activities to ensure the financial sustainability of Global Fund-supported programs** (e.g., integrating service provision into social health protection schemes, activities to strengthen budget advocacy for service provision to key and vulnerable populations, activities to strengthen resource mobilization for non-state actors and civil society, etc.).
- **Activities that support the introduction** and responsible transition to domestic financing and management of new technologies and innovations that are critical to the ongoing programmatic impact of national responses, including the introduction of new treatment regimens, piloting new service delivery modalities, and/or the introduction of new health technologies (such as Lenacapavir). Wherever innovations or the introductions of these are supported in final transition grants, they must be accompanied by a clear plan to support transition to domestic financing by the end of the transition / final grants.

Any activity expected to be continued after the end of Global Fund support (if included in transition funding requests) should be accompanied by specific, time-bound plans to phase out Global Fund financing as well as the steps taken to secure funding from alternative sources. This may include:

- 1) **Service delivery.** A significant portion of service delivery activities should be fully domestically funded by the time that a country receives transition funding, regardless of the type of implementing entity. This includes services related to key and vulnerable populations, and/or any other interventions dependent on external financing.
- 2) **Procurement and overall management of health products and associated systems.** All or a significant proportion of procurement of medicines or other health products and supplies for treatment, diagnostic and prevention activities should be fully funded domestically by the time a country reaches the transition grant stage.

However, when funding for the procurement of health products or treatment has not yet been secured or is being used to support scale-up or transition to new regimens or updated prevention products, diagnostics or treatments, the inclusion of health product procurement should also be subject to a clear plan to absorb them over the life of the grant.

In addition, significant financing is necessary to manage the overall associated operations from registration, quantification, procurement and custom clearing functions, good storage and distribution processes, quality assurance and monitoring (incl. QA/QC, pharmacovigilance), safe waste disposal, equipment warranty/ maintenance/ service contracts, software licenses, and management of information systems (eLMIS, lab), relevant technical assistance and capacity building needs which need to be accounted for transition.

- 3) **Human resources and other recurrent operational costs.** The majority of recurrent costs for the management of disease responses of all implementing entities involved should be fully funded domestically by the time of the transition funding grant. This reflects the Global Fund’s overall approach of integrating into grants sustainability considerations regarding human resources for health.⁵

Applicants submitting a funding request for a final transition grant are required to submit a transition plan (referred to as a “*Transition Work Plan*”) along with their funding request. While there is no prescribed format, it should be derived from findings in transition and sustainability assessments or an equivalent analysis, be aligned with the NSP and health sector planning and fiscal realities, be practical, measurable, costed and include a detailed outline of the steps that the country will take to transition to fully funding and managing the national response over the three-year transition funding period. At a minimum, it should include the following:

- Epidemiological context and current country context, including service coverage, the current state of national responses, and key programmatic strengths and weaknesses that might affect the transition process
- A specific, clear analysis of the primary challenges that may negatively affect the transition, across the most relevant thematic areas, such as service delivery, health workforce, the procurement and delivery of health products, information and data systems, governance of the national responses, availability of sufficient domestic financing, the capacity of public financial management systems, community systems and service delivery, etc.
- A clear analysis of the costs covered by Global Fund financing and a phased financing plan towards full government financing of all activities (or full integration of those activities into country health systems) by the end of the final transition grant.
- Specific analysis of priority interventions that can support addressing transition challenges and could be financed by the Global Fund transition grant during the final grant period.
- Where applicable, options for seeking additional funds from new sources to fill existing coverage and service delivery gaps.
- Description and budget of any activities essential for enabling a successful transition that are not financed by the Global Fund transition funding grant.

⁵ [GC8 Technical Brief on Integration](#)

Co-financing Implementation

Global Fund financing complements domestic funding for HIV, tuberculosis, malaria, and health systems. Therefore, the Global Fund works with countries to agree on co-financing commitments, designed to encourage additional domestic financing to strengthen national responses, reduce dependency on external funding, and support sustainable program scale-up. Co-financing promotes ownership, accountability, and balanced investment between domestic and external resources to maximize impact and sustainability.

Access to a portion of the Global Fund allocation is conditional on countries making sufficient commitments in line with policy requirements and then meeting those co-financing requirements during grant implementation. This “**co-financing incentive**” varies by country but is a minimum of 15% of the country’s allocation. Co-financing requirements⁶ are communicated via the Allocation Letter at the start of each grant cycle, and countries must submit a Commitment Letter, endorsed by government budget authorities, before Grant Cycle 8 grants are approved.

Co-Financing Requirements:

There are three types of co-financing requirements:

1. **Government health expenditure.** Progressive government expenditure on health to meet national goals for universal health coverage over each allocation period. This requirement is applicable only to low- and lower middle-income countries.
2. **Financing of specific programmatic interventions.** Progressive financing of the costs of key programmatic interventions over each allocation period. This requirement is applicable to all countries.
3. **Disease-specific co-financing.** Increased co-financing of national HIV, TB, and malaria responses and/or RSSH over each allocation period. This is applicable to all countries. As per the [STC Policy](#), countries have the flexibility to focus the entirety of their co-financing commitments, including any required increases in disease specific or RSSH financing, on the financing of specific programmatic interventions instead of aggregate increases in HIV, TB, and malaria spending.⁷

Requirement 1: Government health expenditure – LIC and LMIC countries

Progressively increasing government health expenditure is critical for strengthening health systems, sustaining and expanding essential services, reducing dependency on external funding, and improving outcomes for HIV, tuberculosis, and malaria. While strengthening overall spending on health is valuable in all contexts, this requirement is only applicable to LICs and lower-LMICs. These contexts often face significant challenges in mobilizing domestic resources for health and often have much larger Global Fund grant allocations.

⁶ Regional, multi-country and non-CCM applicants are generally exempted from the co-financing requirements, except for multi-country grants that are funded through the pooling of individual country allocations.

⁷ [STC Policy](#), paragraphs 22-24.

In contexts where Global Fund resources comprise a large share of health spending, often with high disease burdens and limited fiscal space, progressively increasing government health expenditure is essential to sustain HIV, tuberculosis, and malaria responses. Commitments should account for fiscal capacity, budget allocation and execution, and the balance between short- and long-term health financing goals.

Requirement 2: Financing of specific programmatic interventions – all countries

Financial sustainability of national HIV, tuberculosis, and malaria responses, as well as resilient and sustainable systems for health (RSSH), depends on countries progressively assuming responsibility for specific interventions, such as antiretroviral procurement, human resources, disease-specific programs, and services for key and vulnerable populations. For this reason, specific financing of key programmatic interventions is an increased focus of Global Fund co-financing requirements for GC8, and is applicable to all countries.

The scope and detail of these commitments will vary by country, depending on the interventions currently financed by the Global Fund, programmatic challenges, health financing capacity, expenditure tracking, and sustainability priorities. When making commitments, countries should ensure alignment with national priorities, scale and pace that avoid programmatic disruption, progressive transition of externally funded costs to domestic financing, cost-effectiveness, and equitable access for key and vulnerable populations.

Commitments should be clear, costed, and targeted, linked to priority programmatic outcomes and critical systems enablers, particularly in historically donor-dependent areas such as health workforce sustainability (including transition of externally funded positions), community systems, data systems, and health products and supply chain investments.

Requirement 3: Disease-specific co-financing – all countries

This requirement requires countries to prioritize the scale-up of disease-specific interventions within overall health priorities, with flexibility for different contexts. Low-income countries may focus commitments on broader health and RSSH priorities, while LMICs and UMICs must make targeted commitments to disease-specific and sustainability/transition priorities, especially for key and vulnerable populations. Separate aggregate disease-specific co-financing is not required if strategic commitments to specific programmatic interventions meet the overall financial co-financing requirements.

Differentiation in Co-Financing Requirements and Implementation:

Co-financing requirements are differentiated by income classification and other contextual factors, summarized in Figure 2 below.⁸

⁸ [STC Policy, Co-financing OPN](#) [currently being updated].

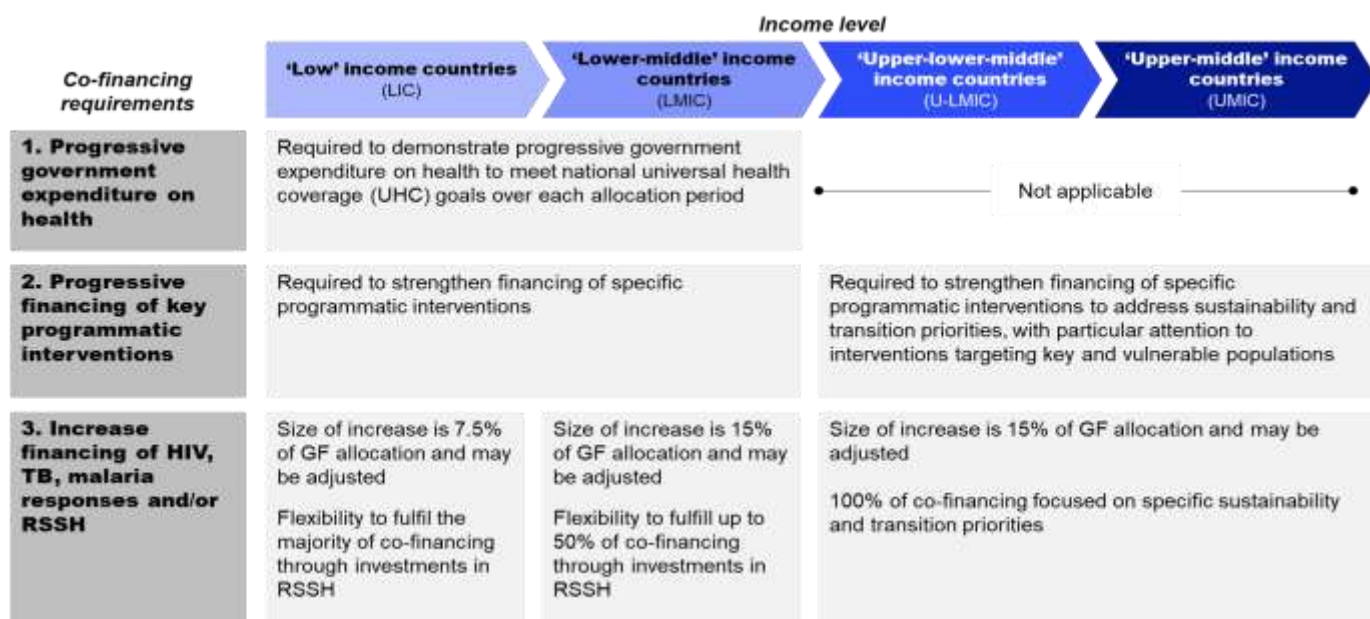


Figure 2. Differentiation of co-financing requirements across income levels

Evidence of realization of co-financing commitments

The Global Fund monitors the realization of commitments throughout the Grant Life Cycle, as a core part of grant implementation. In the context of co-financing implementation, “realizations” refer to expenditure and budget allocation data available to demonstrate progress against co-financing commitments in the Commitment Letter, submitted during funding request, grant-making or as part of routine annual co-financing monitoring. Realizations are considered verified if they are substantiated by country-submitted documentation and/or primary sources. Further detail on evidence for co-financing realizations and specific processes associated with co-financing is available in the [Co-financing OPN](#).

Actions taken when co-financing requirements are not met

Unless there are extenuating circumstances which justify a waiver of co-financing requirements, when countries do not meet the co-financing commitments in their Commitment Letter the Global Fund can take a series of measures, including reducing grant funds up to the amount of the co-financing incentive. These actions may be applied to a current Global Fund grant, including annual disbursements, or subsequent grants in a future allocation cycle. The intent of these actions is not to negatively impact program performance, but to reinforce the importance of improving financial sustainability through enhanced domestic investments.

Co-Financing Differentiation for countries receiving final grants

The Global Fund’s [Co-financing OPN](#) outlines additional information on the implementation of the Global Fund’s co-financing policy and may be used as a reference for countries as they make and fulfil co-financing commitments for the 2026-2028 allocation period. This includes substantial differentiation for countries receiving transition grants.

Co-financing linkages with other external financiers

Multiple external financiers have co-financing requirements that aim to strengthen national disease responses and health systems. The Global Fund works closely with countries to understand the overall co-financing commitments made in the context of external financing, to support greater transparency for Ministries of Finance and ensure that commitments are aligned with a country's fiscal capacity. Countries should consider overall co-financing commitments across all institutions when finalizing their commitments to the Global Fund. Recognizing that every country's context is unique, the Global Fund engages with individual countries on how their co-financing commitments to the Global Fund and other external financiers relate to each other.

In principle, to ensure that co-financing is additive and mutual re-enforcing, co-financing commitments made to other external financiers do not generally count as co-financing commitments made to the Global Fund, except with respect to the Global Fund's total health spending requirements. For example, domestic co-financing commitments to Gavi related to malaria vaccine procurement and delivery cannot be counted towards fulfilment of Global Fund's disease and/or RSSH specific co-financing requirements. However, country commitments for malaria vaccine procurement and delivery are counted towards fulfilment of the overall government health expenditure requirement, as part of overall health systems financing.

There may be country specific situations (e.g., with bilateral partners also providing support for HIV, TB, and malaria) where tripartite approaches to co-financing and/or specifying the same requirements (including commitments relating to health products or the percentage of the national budget allocated to health) will be more effective and beneficial to strengthening financial sustainability than maintaining separate country co-financing commitments. The Global Fund approaches these on a case-by-case basis.

For co-financing requirements related to overall increases in health expenditure, potential overlap with the requirements of other partners is allowed. The Global Fund may work with other partners to align requirements to increase health spending overall and support improvements in prioritization and/or overall financing of the health sector.

Lessons learned and key co-financing focus areas for Grant Cycle 8:

Lessons learned from co-financing implementation indicate several focus areas that are particularly important for countries to consider as they develop and finalize co-financing commitments for GC8. These include (but are not limited to):

- **Ownership and accountability.** The submission of mandatory commitment letters endorsed by government entities and relevant budget authorities has increased accountability and clarity on co-financing commitments. These commitment letters are strongly encouraged to be developed as early as possible during the development of funding requests and grants and must be submitted prior to the approval of Global Fund grants.
- **Proactive risk mitigation.** Countries are encouraged to proactively mitigate potential risks related to the non-realization commitments, especially where non-realization can lead to negative impact on programmatic outcomes (such as stock-outs of critical health products).

- **Monitoring and tracking.** The Global Fund has increased its focus on how countries formally document the sources of commitments and how those commitments are formally monitored, tracked, and reported to the Global Fund. This remains a priority for GC8.
- **Linking co-financing commitments with specific transition priorities.** Countries are encouraged to ensure that the specific co-financing commitments made in GC8 link directly to identified sustainability and transition priorities, including those identified in national planning. This is a key part of supporting transition pathways. Co-financing commitments in GC8 will be reviewed in the context of broader sustainability and transition priorities.
- **Visibility and transparency.** Increasing the visibility and transparency of co-financing commitments at the country level is critical to ensure that national stakeholders are aware of commitments and can be held to account by their peers as well as by government stakeholders and civil society and community organizations. CCMs should ensure there is strong visibility at the country level on the commitments made during GC8. In addition, as per the revised STC Policy, the Global Fund will be working to publish summaries of GC8 co-financing commitments to ensure increased transparency and visibility.
- **Alignment with fiscal capacity.** Ensuring co-financing commitments made are in line with a country's fiscal capacity, particularly in lower-income contexts and/or places with larger Global Fund allocations is critical to ensure financial sustainability. In GC8, greater attention to the quality of commitments (the "what") is just as important as the overall quantity of commitments (the "how much").