Independent observer of the Global Fund

Global Fund Observer

NEWSLETTER

Issue 302: 19 December 2016

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BY DAVID GARMAISE

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BY LARSON MOTH

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BY DAVID GARMAISE

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BY LARSON MOTH

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BY JAMES DEUTSCH

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1. NEWS: Global Fund releases information on the 2017-2019 allocations

David Garmaise 19 December 2016

After informing eligible countries of their 2017-2019 allocations (see GFO article in this issue), the Secretariat posted a spreadsheet on its website showing the full list of allocations.

The spreadsheet shows the total allocation for each country, as well as the indicative amount for each disease (i.e. the program split). In its allocation letters, the Secretariat told countries that it could propose modifications to the split. It also encouraged countries to include in their funding requests for cross-cutting interventions to support resilient and sustainable systems for health (RSSH). The program split did not show any amounts for RSSH. Instead, funding for the RSSH interventions has to come from the amounts shown in the allocation letters for HIV, TB and malaria.

There was $10.3 billion available for the country allocations. See Table 1 for details on how this amount was calculated.

Table1: Calculation of amount available for allocations to countries in 2017-2019 ($US)

Item	Balance
5th replenishment results as announced 2016-09-17	$12.9 b
Minus adjustment of $0.89 billion to reflect spot rates as at 2016-09-22	$12.02 b
Minus adjustment of $1.12 billion for technical assistance and other donor conditions	$10.9 b
Minus Global Fund operating costs of $0.9 billion	$10.0 b
Plus $1.1 billion in forecasted unutilized funds from 2014-2016 allocation	$11.1 b
Minus $0.8 billion set aside for Catalytic Investments	**$10.3 b**

This compares to the $14.82 billion that was available for the 2014-2016 allocations. However, one has to be cautious when comparing the two allocation periods. The 2014-2016 allocations constituted a transition from the rounds-based system. The $14.82 billion included $5.5 billion in existing funds unspent as of the beginning of the allocation period. The 2017-2019 allocations included only $1.1 billion in unused funds from the earlier allocation period. The other major difference is that for most countries the allocations for 2014-2016 ended up having to cover a four-year period, whereas the 2017-2019 allocations cover only three years.

Table 2 shows how the 2017-2019 allocations broke out by disease.

Table 2: 2017-2019 allocations, by disease

Disease	Allocation amount ($ billion)	% of total
HIV	$5.1 b	49.5%
Malaria	$3.3 b	32.0%
TB	$1.9 b	18.4%
Total	**$10.3 b**	**100.0%**

Discrepancies in totals due to rounding.

This is very close to the ideal portfolio split determined by the Board (HIV 50%; malaria 32%; TB 18%). Note, however, that the program splits provided to countries were only indicative. Countries may request a change in their split. This could affect the overall portfolio split.

Tables 3 and 4 provide the breakdown by World Health Organization (WHO) regions and Global Fund regions, respectively.

Table 3: 2017-2019 allocations, by WHO region

WHO region	Allocation amount ($ billion)	% of total
Africa	$7.44 b	72.2%
Eastern Med.	$0.53 b	5.1%
Europe	$0.30 b	2.9%
Americas	$0.31 b	3.0%
S-E Asia	$1.33 b	12.9%
Western Pacific	$0.40 b	3.8%
Total	**$10.25 b**	**100.0%**

Table 4: 2017-2019 allocations, by Global Fund region

Global Fund Region	Allocation amount ($ billion)	% of total
Central Africa	$0.56 b	5.5
EECA	$0.30 b	2.9
HI Africa 1	$2.07 b	20.3
HI Africa 2	$3.04 b	29.8
HI Asia	$1.71 b	16.8
LAC	$0.31 b	3.0
MENA	$0.28 b	2.7
S-E Asia	$0.28 b	2.7
SE Africa	$0.97 b	9.5
West Africa	$0.71 b	7.0
Total	**$10.43 b**	**100.0%**

Please note: *The totals for tables 2, 3, and 4 should be identical – i.e. $10.3 billion – but there are some minor differences. Some, but not all, of the discrepancies are due to rounding. In the time available to prepare this article, we were not able to determine the explanations for the other discrepancies. We suggest, therefore, that the reader (a) consider the amounts in this article to be approximate and (b) that the reader consult the Fund's spreadsheet for the official figures. Part of the problem is that the Fund showed some allocations in US dollars and others in euros, and did not attempt to convert the euros into dollars. This made it difficult to add allocations to arrive at totals per disease and per region. On the advice of the Secretariat, we used an exchange rate of 1.12 dollars to the euro. This was the spot rate in effect on 22 September 2016, just after the end of the replenishment conference.*

In Table 5, we provide a list of the top 10 allocations, as well a comparison with what these countries received for 2014-2016. We caution against drawing too many conclusions from the comparison, for reasons outlined above. Table 6 shows the list of bottom 10 allocations.

Table 5: Top 10 allocations, 2017-2019, showing the 2014-2016 allocation for each country

Rank	Country	Global Fund Region	2017-2019 allocation ($ billion)	2014-2016 allocation ($ billion)
1	Nigeria	HI Africa 1	**$660,686,133**	$1,137,314,849
2	Tanzania	HI Africa 2	**$579,595,776**	$632,547,564
3	DRC	HI Africa 1	**$526,986,425**	$701,418,878
4	Mozambique	HI Africa 2	**$502,881,708**	$450,276,363
5	India	HI Asia	**$500,000,000**	$850,000,000,
6	Zimbabwe	HI Africa 2	**$483,980,512**	$477,653,142
7	Uganda	HI Africa 2	**$465,057,044**	$420,990,516
8	Malawi	SE Africa	**$450,475,140**	$574,342,956
9	Ethiopia	HI Africa 2	**$375,608,887**	$591,183,361
10	Kenya	HI Africa 2	**$355,631,851**	$495,374,013

Table 6: Bottom 10 allocations, 2017-2019, showing the 2014-2016 allocation for each country

Rank	Country	Global Fund Region	2017-2019 allocation ($ billion)	2014-2016 allocation ($ billion)
1	Montenegro	EECA	**$623,771**	$ NIL
2	Serbia	EECA	**$1,230,153**	$ NIL
3	Gabon	Central Africa	**$1,397,245**	$5,336,611
4	Albania	EECA	**$1,638,134**	$6,006,282
5	Belize	LAC	**$1,916,278**	$4,504,323
6	Egypt	MENA	**$2,058,336**	$18,095,158
7	Costa Rica	LAC	**$2,120,098**	$4,883,405
8	Algeria	MENA	**$2,312,936**	$6,533,577
9	Mauritius	S-E Asia	**$2,487,917**	$5,128,597
10	Panama	LAC	**$2,685,892**	$7,812,375

In tables 5 and 6, the source of the amounts from 2014-2016 is the allocation database in the Aidspan Portal Workbench (accessible from the Aidspan home page).

In a news release, the Global Fund said that country programs receiving increases from their 2014-2016 funding levels have allocations on average 15% higher than current and projected levels of spending. “More funding is directed towards country programs with severe and extreme burdens of HIV, TB and malaria, towards sub-Saharan Africa, towards countries with high HIV infection rates in women and girls, countries with a high burden of multi-drug-resistant tuberculosis and to the top 15 high burden malaria countries,” the Fund said.

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2. NEWS: Countries receive allocation letters

The letters include an indicative program split for HIV, TB and malaria

David Garmaise 19 December 2016

Countries eligible for funding have been informed of what their allocations are for 2017-2019 for HIV, TB, malaria, and resilient and sustainable systems for health (RSSH). The Global Fund Secretariat sent letters to each country by email on 15 December.

The Secretariat has not made the letters public. However, it has provided information on the allocations for each country in the form of a spreadsheet on its website. (To view the spreadsheet, see here; see also separate article in this issue)

In addition to providing the total allocation, the letters provided an indicative program split for HIV, TB and malaria. RSSH was not included in the indicative split.

Aidspan has been able to obtain a few copies of the letters directly from the countries. In addition to providing the indicative program split, the letters also show the "allocation utilization period" for each disease component. The information is provided in the form of a table. This is what the allocation tables look like:

Table: Illustrative example of allocation table

Eligible disease component	Allocation US$	Allocation utilization period
HIV	123,655,909	1 January 2018 to 31 December 2020
TB	21,234,788	1 October 2018 to 31 December 2021
Malaria	43,765,734	1 January 2018 to 31 December 2020
Total	**188,656,431**	

NOTE: This is a fictitious table, presented for illustrative purposes only. The numbers do not represent any one country.

With respect to the indicative program split, the letters stated that "it is up to the CCM to assess the best use of funds across eligible disease components." The letters stated that applicants can either accept the Global Fund program split or propose a revised split. The letters explained that the CCM's decision must be documented in the minutes of a CCM meeting, and that the Global Fund has to approve the proposed split. In the materials sent to each country along with the allocation letter, there is a form for the country to use to either confirm the indicated program split or propose a revised split. This form must be sent to the

Secretariat prior to or at the same time as the submission of the country's first funding request.

The allocation letters do not explain the last column in the tables – the allocation utilization period. It seems apparent, however, that this refers to the period during which the countries are expected to use their allocation. For example, using the illustrative table above, the country in the table presumably has an existing HIV grant that ends on 31 December 2017 and is expected to submit a funding request for the three-year period from 1 January 2018 to 31 December 2020. Similarly, for the TB allocation, the country presumably has an existing grant that ends on 31 September 2018 and is expected to submit a funding request for the three-year period from 1 October 2018 to 30 September 2021.

The last date that a country can submit a funding request related to its 2017-2019 allocation is 31 December 2019.

The allocations letters state that if a country has funds remaining in existing grants at the start of the allocation utilization period, they cannot be added to the 2017-2019 allocation. GFO reported on this in a previous article.

For some countries, the allocation letters refer to the fact that the country may be eligible for some matching funding under one or more of the catalytic investments. Matching funds are intended to incentivize the programming of allocations towards key strategic priorities, such as key and vulnerable populations, human rights, gender equality, and data strengthening (see GFO article). In at least one allocation letter that we saw, the amount of matching funds is mentioned and some additional information is provided, including the conditions the applicant must meet to access the matching funds.

Resilient and sustainable systems for health

As we said above, the indicative program split provided to countries did not include an amount for RSSH. However, the letters stated that the Global Fund strongly encourages integrated programming across diseases and investments in RSSH. Countries that want to invest in RSSH will have to find the money from within their allocation. In other words, the money will have to be carved out of the amounts shown for HIV, TB and malaria in the allocation table included in the letter.

The letters stated that cross-cutting RSSH investments can be included in any funding request or submitted as a stand-alone funding request. The Fund said that a joint application including two or more disease components and RSSH investments "is strongly encouraged." It said that should a country decide to submit separate disease component applications, "we request that all cross-cutting RSSH interventions are included in one funding request, ideally the first one…. The funding designated to cross-cutting RSSH interventions does not need to be documented in the program split unless a stand-alone RSSH funding request is planned."

The allocation letters showed what the country invested in cross-cutting RSSH for the 2014-2016 allocation period. In some of the letters, the Global Fund said that it expected to see "strong investments in RSSH in this funding cycle."

Accessing the funding

To access the funding from the allocations, countries are expected to go through a process which is very similar to the one used for the 2014-2016 allocations – i.e. organizing an inclusive country dialogue, recommending a program split, and submitting a funding request.

The allocation letters remind countries that their application should include a prioritized and costing request for above-allocation funding. It may be possible to fund portions of the above-allocation requests from any additional funds that may become available during 2017-2019 allocation period, including savings identified in grant-making. The Global Fund has said that for the 2014-2016 allocations, savings of more than $1 billion was achieved during grant-making.

Types of funding requests

The allocation letters state that customized application materials will be provided by the fund portfolio manager. For the 2017-2019 allocations, three main types of funding requests may be submitted, named after the review process that will be used: program continuation, tailored review, and full review (see GFO article).

The allocation letters state which type of funding request the Global expects the applicant will use for each component. For those components that the Global Fund expects the country to submit a program continuation request, the package of materials sent to the country along with the allocation letters included the templates that the applicant will need for this type of request. For the other types of funding requests, the templates are not all finalized. Some templates are already available on the Fund's website here. Related resources, such as FAQs and information notes, are available on the same page.

The Global Fund has established dates (i.e. windows) when funding requests can be submitted. For the first three windows in 2017, the dates are 20 March, 23 May and 28 August. The first window in 2018 is on 31 January.

For program continuation requests, only two windows can be used: Window 1 (20 March 2017) for grants ending up to 30 June 2018; and Window 4 (31 January 2018) for grants ending on or after 1 July 2018.

There are actually more than three types of funding requests possible. A limited number of countries have been invited to submit a national strategy pilot funding request – i.e. a request that is tailored to their national strategic plan.

In addition, several countries have been required to submit a transition funding request for certain components for which 2017-2019 is the last period of eligibility for Global Fund

support. Special templates have been or are being designed for the transition funding requests. At a webinar it organized on application materials on 14 December, the Secretariat said that four additional components have opted to use the transition funding templates.

At the same webinar, the Secretariat said that all templates will be accompanied by detailed instructions on how they should be filled out.

By the time we went to press, we were not able to obtain a list of the components that will be using the transition funding templates. In October, the Fund published a list of components that it expected would be transitioning by 2025; however, it shows only 14 such components for the period 2017-2019.)

Other items

The allocations letters provided additional information, summarized below.

Domestic financing

The allocation letters reminded applicants that in order to access their allocations, they must meet the co-financing requirements (see GFO article). It also informed them that 15% of their allocations is conditional on the country increasing its domestic financing commitments over past levels. The letters stated the minimum amount of co-financing investments the countries have to meet in order to access their full allocation. The letters pointed out that countries can invest 100% of this amount in RSSH initiatives.

The letters also stated that the countries must demonstrate that they have met prior commitments under the previous "willingness to pay" policy. In at least some of the allocation letters, the Global Fund asked for evidence of this.

Focus of application

For middle-income countries, the allocation letters indicated the requirements concerning the focus of the application as spelled out in the Global Fund's Sustainability, Transition and Co-Financing Policy (see GFO article). Low-income countries do not have to meet any focus of application requirements.

Quality, impact and risk

In the allocation letters, the Global Fund said that it recognizes there is a gap between "ultimate goals and available resources. Therefore, it is essential that all funding requests are prioritized and that the funds contribute to achieving maximum impact."

The allocation letters urged countries to conduct a robust risk assessment. "Understanding the greatest risks to success should be very helpful in prioritizing investments and monitoring progress in real time, allowing for rapid change to maximize impact."

The letters stated that "within the next funding period" countries will be expected to examine the program quality and the efficiency of programs, and to adopt quality improvements to enhance service delivery and impact. In an annex to the letter, the Fund provided guidance on how this could be done. As mentioned above, there is a page on the Global Fund website that contains numerous resources to assist applicants with their funding requests.

Procurement

The allocation letters reminded applicants that the Global Fund will not finance commodities that are more expensive than the reference price for these commodities. The letter advised applicants to consult the budgeting guidelines for more details. The letters stated that these updated guidelines will be published in January here.

Note that if the outcomes of a procurement process for products meeting the relevant clinical and quality standards result in selecting a supplier of commodities for a price which is higher than the relevant reference price – taking the total cost of ownership into consideration – national or other resources must be used to pay the difference.

Recoveries

There is a standard paragraph in all of the allocation letters stating that if the country owes the Global Fund money as a result of the recoveries process, and if all efforts to ensure that the funds are repaid have failed, the Fund may reduce the allocation to the country by twice the outstanding recoverable amount.

> ***Aidspan comment**: Aidspan pieced together the contents of this article from the allocation letters that it was able to obtain (anonymously) from CCMs. It is unfortunate that, as it did for the last allocation period, the Global Fund Secretariat did not see fit to make the allocation letters public. There is nothing secret or sensitive in the letters. By not making them public, the Fund is failing to live up to its commitment to transparency. It is also incumbent on CCMs to make these letters public within their countries. The CCMs are not private companies. They are accountable to their stakeholders.*

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3. NEWS: The Global Fund launches its Prioritized Action Plan in efforts to enhance its risk management and project performance efforts

The Fund believes that the Prioritized Action Plan or PAP, will improve the impact of the programs it finances

Larson Moth 15 December 2016

In May 2016, The Fund launched its Prioritized Action Plan-PAP to assist the Secretariat and the Board to monitor, assess and oversee the implementation of its strategy to achieve impact

with the investments it makes. It was submitted to the Fund's committees in June 2016 and the GF Board in July 2016, however, a number of the initiatives captured in the PAP were started in late 2015 and in early 2016.

In an email from the Fund, a quote from the Executive Director's Report by Dr Mark Dybul was given to highlight the importance of the PAP:

"As we sprint to the finish line in the fight against these diseases, as we implement our 2017-2022 strategy, operational excellence is something we must continue to pursue. The PAP is a key initiative to help us achieve impact. By providing clear guidelines for strategy implementation, it helps us in drawing a proactive vision of what we strive to achieve rather than wait to react to issues. It helps in institutionalizing a culture of using deliverables to gauge our progress."

The Fund believes the PAP will further strengthen its core internal control principles, consistency, and enhance effective risk management in its decision-making processes. It has stated that the PAP gives it a holistic view of the initiatives (below) while supporting the implementation of its strategy.

In a nutshell, the plan is utilized in order to highlight and track a set of indicators which help guide and show the progress the Fund is (or not) making towards its stated deliverables.

The indicators being tracked show the status of all the initiatives, of which there are 14:

- Strengthening Internal Controls of Key Processes & Risk Oversight
- Risk Management and Engagement
- Strategy Planning and Implementation
- Differentiation for Impact
- Implementation Through Partnership
- Procurement and Supply Chain Management
- Supply Chain Optimization
- Accelerated Integration Management (AIM)
- Improved Program and Data Quality
- Co-Link: Strengthening Finance Management Capacity
- Country Presence
- Assurance
- Financial Control Environment Reviews
- Project Management

The Secretariat told Aidspan that in order to measure progress on the completion of each initiative, the Fund breaks them down into a series of deliverables/actions. Each deliverable/action has a milestone/target date attached to it. For an initiative to be completed, all the deliverables/actions within it, also need to completed.

Following are examples of the deliverables linked to two of the above initiatives:

i.) For the 'Financial Management Capacity (Co-Link) initiative:

a) An approved roadmap and project structure

b) Consolidated cost country action plans to address financial management gaps with clear roles and responsibilities

c) An EGMC-approved financial management handbook published on the Global Fund's website and circulated to Principal Recipients

ii.) For the 'Country Presence' initiative:

a) A comprehensive list of country presence options

b) An assessed list of viable country presence options

c) A costing Model

d) A paper for country presence to be discussed by the Strategy Committee

The Fund told Aidspan that of the *total* actions/deliverables outlined in the PAP for 2016-2018, 54% of them have reached completion. Of only the deliverables due at the end of August 2016, 95% have been completed.

The Fund plans for a new Project Management Office to play a central role in the monitoring and oversight of ongoing initiatives across the organization. For internal tracking and reporting purposes, the Fund will produce a risk report that would highlight any emerging risks to the successful completion of an initiative.

While such a risk to the completion of an initiative has not happened up until this point, any instance of it occurring would result in the issue being escalated to the Board and/or Committees if it was thought that the risk to the successful completion of the initiative was significant.

We were also told that the PAP is to be reviewed internally by senior management on a monthly basis and will also be reviewed with both the Board and the Board Committees during their regularly scheduled meetings (twice a year) with updates to the Board being made public.

Information from this article was taken from Board papers GF/B36/27: "Prioritized Action Plan (PAP) to Accelerate Management for Impact", which should be available shortly at: www.theglobalfund.org/en/board/meetings/36.

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4. NEWS: Board members discuss whether there should be changes to the Global Fund's current business model in high-risk countries

Should the Secretariat have a presence in countries?

David Garmaise 15 December 2016

Should the Global Fund Secretariat have an in-country presence? At its last meeting in Montreux, Switzerland on 16-17 November, Board members discussed ways to strengthen its current business model in high-risk countries as well as possible alternatives to the model. No decisions were taken.

The discussions were based on a 70-page paper prepared for the Board meeting which presented the findings of a study undertaken by the Secretariat. The study involved focus groups with country team members; a survey of over 800 in-country stakeholders; interviews with about 50 Board members, standing committee members, and representatives of constituencies. The study also included a detailed costing of potential options.

The discussions focused primarily on whether changes were needed to the current model – specifically, whether the Global Fund Secretariat should have some form of country or regional presence. The study found that while opinions varied about options to evolve the model, over 70% of respondents preferred to focus first on improving the current model.

Some of the options for evolving the model included placing "liaisons" in a subset of countries (an option favored by 10% of respondents); moving a sub-set of country teams in-country (10% in favor); and establishing regional hubs (10% in favor). The Secretariat estimated that the cost to implement these measures would range from $3.8 million to $8.4 million a year.

In the Board paper, there is considerable discussion about exactly what role liaisons would play and what authority they would have.

None of the survey participants favored moving all country teams in-country.

According to the paper prepared for the Board, survey participants identified a number of strong advantages of the current model. They said that the model facilitates country ownership and accountability; encourages multi-stakeholder partnership and participation; ensures that responsibility for implementation of programs clearly resides with the principal recipients (PRs); and provides flexibility in implementing programs and mitigating risk. Participants said that the Global Fund has a lean and efficient organization that encourages consistency and knowledge-sharing and enhances swift internal decision making. They also said that the Global Fund model compares well with those of partners who have a country presence.

Survey participants identified challenges in three areas, as follows:

> **Partner engagement and portfolio management.** Some stakeholders said that the business model may make it difficult to ensure an appropriate level of technical support in countries with an absence or limited presence of bilateral or multilateral partners; to optimize coordination and relationship-building in high-risk and high-burden portfolios where many partners operate; to respond rapidly to issues or crises in country; and to have up-to-date knowledge of country context, risks, and political dynamics.
>
> **Risk management**. Concerns were raised about the lack of synergies between risk actors in country (such as local fund agents, fiscal agents and auditors) that could lead to duplication of work or uneven performance.
>
> **Country coordinating mechanisms (CCMs).** Stakeholders identified problems such as insufficient CCM involvement in oversight of grants; variable engagement and empowerment of civil society and key populations on CCMs; and inappropriate linkages with key actors in country. The last item could refer to a lack of effective ties with key governance bodies in the country or having ties that create conflict of interest situations within the CCM. A recent audit of CCMs performed by the Office of the Inspector General identified similar problems.

The Board paper listed several initiatives that were already underway to address these challenges. For example, with respect to partner engagement and portfolio management, the Global Fund is involving partners more through initiatives such as Implementation Through Partnership; is encouraging longer country staff visits; is adapting its approach through initiatives such as Differentiation for Impact; and is strengthening monitoring, training, and knowledge-sharing among country teams.

Concerning risk management, a number of initiatives are underway, such as streamlining risk mitigation measures; improving the performance of service providers; and improving the quality of financial audits.

Regarding CCMs, the Fund is introducing a code of conduct for CCM members; ensuring that there are programs in place to induct new members; and conducting workshops to improve CCM performance where weaknesses have been identified.

The Secretariat recommended that the Global Fund focus near-term efforts on implementing improvements to the current model "while maintaining its long-term commitment to continuously assessing and adapting the business model."

Next steps

In January 2017, the Secretariat will develop a draft plan that describes the key milestones and timelines to implement improvements.

Between now and next March, the Secretariat will perform additional analyses of similar organizations with country presence to understand how these organizations manage common in-country risks and what good practices the Global Fund may learn from them. The findings from these analyses will be incorporated into the implementation plan.

At the March/April cycle of committee and Board meetings, the Secretariat will report back to the committees with an implementation plan and provide an update on progress on ongoing initiatives related to improving the business model.

At subsequent committee and Board meetings, the Secretariat will provide regular updates on progress against the implementation plan; on the results of its assessment of how effective the improvements are in addressing residual risks; and on whether it thinks any additional changes to the business model are required.

Board Document GF-B36-28 (Review of the Global Fund Business Model) should be available shortly at www.theglobalfund.org/en/board/meetings/36. An executive summary is available as a separate document.

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5. NEWS: Deficiencies in national supply chains hinder Global Fund grants operations

Global Fund issues an update on sourcing and supply chain matters

Larson Moth 10 December 2016

In-country supply chains for many drugs and health products currently face end-to-end challenges, including issues related to forecasting and quantification, storage and inventory management, distribution, quality assurance, and information management and reporting.

Over the next strategy period, approximately 40% of Global Fund support going to countries for their HIV, tuberculosis, malaria and RSSH programs will be used for procurement and supply-chain management of health products.

In an update presented at the 36th Global fund Board Meeting in Montreux, Switzerland, common/typical issues with national supply chains were presented. Specific problems include: widespread use of paper systems which is time consuming and prone to human error, manual / Excel ordering not integrated into warehouse management systems, unavailability of accurate inventories, high inventory carrying costs, lack of centralised warehousing, and poor diagnostics & product quality.

Additionally, many countries depend on pharmacies and health facilities for collecting supplies rather than scheduling delivery services. The frequency of ordering and the replenishment is not conducive to optimum levels of inventory which leads to high levels of

expired health products. Also, transportation from district pharmacies to health facilities is not always safe for the products or for the people transporting them. It was also observed that practical and meaningful Key Performance Indicators (KPIs) were not being met, and stock-outs were an issue.

In order to manage supply-chain risk, functional in-country supply chains are crucial to the Fund's mission. Ineffective in-country supply chains put treatment programs and targets at risk and remain a significant barrier to accessing essential health products. According to the Fund, procurement processes have been significantly strengthened through the establishment of the Pooled Procurement Mechanism (PPM) and **wambo.org**. The Fund has also recognized that ongoing supply chain strengthening requires in-country cooperation in order to avoid the fragmentation that has hindered progress in the past. For more on risk management in the procurement and supply-chain context, readers can access a prior GFO article here.

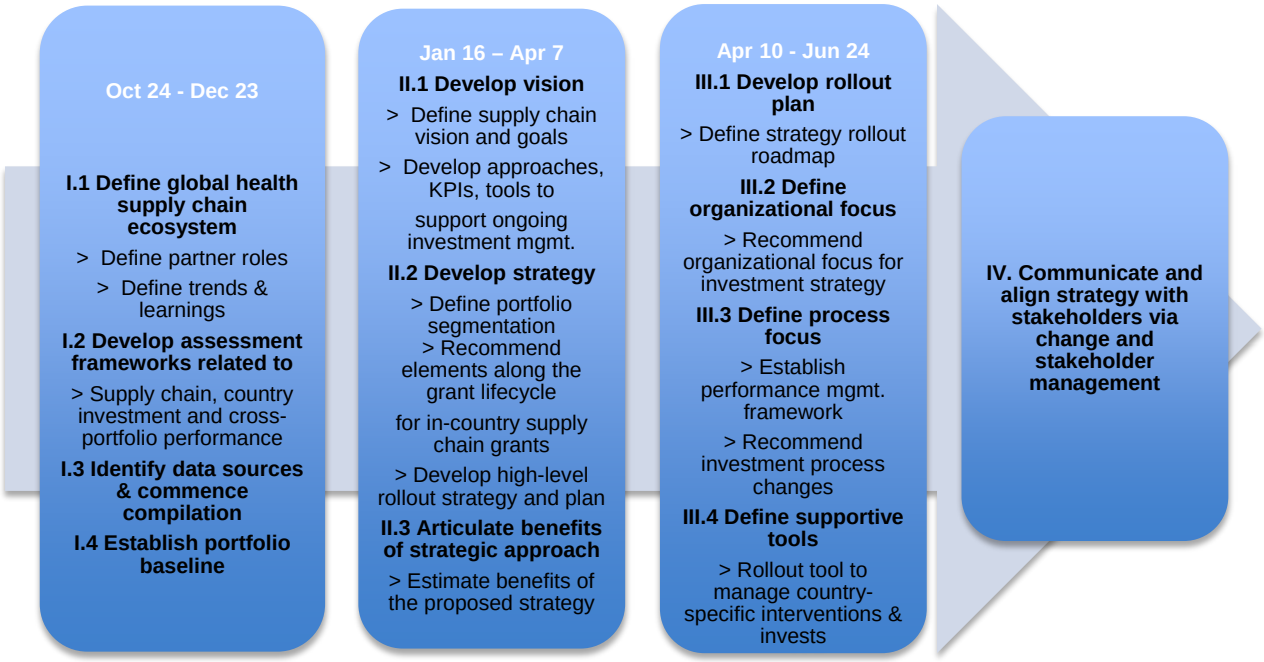
The fund has adopted the approach of establishing a new department within the Grant Management Division which will include three specialized teams: strategy design; tactical team; and MAP (metrics, analysis and performance). In addition, McKinsey / IHS was selected as the Fund's supply chain strategy partner and a there is a plan to complete a supply-chain strategy slated for the end of June 2017.

A new supply chain strategy

A phased process from now until the middle of next year will guide the Global Fund in developing its country supply chain strategy. See figure below.

In efforts to further refine its Supply Chain strategy, the Fund has initiated a number of diagnostic efforts:

- Select next wave of countries on which to conduct supply chain diagnostics
- Securing resources to conduct supply chain diagnostics through IQC (Indefinite Quantity Contract) RFP issued 25th October 2016
- Funding for transformational interventions to be obtained through either country allocations, portfolio optimization or catalytic funding



Source: Graphic adapted from the Global Fund

Next steps in the new supply chain strategy

To further manage risk along the supply chain, the Fund has also launched a "Supply Chain Assurance" project that aims to:

1. Develop a strong assurance program to protect commodities from risks in the end-to-end national supply chain.

2. Propose innovative ways to implement reliable in-country assurance programs.

3. Provide guidance for country teams to establish/verify necessary supply chain assurance measures.

The Fund indicates that this revised approach will be implemented in 5 countries by April 2017, with lessons learned from these countries informing a large-scale roll-out.

The Fund has also obtained two supply chain 'loanees' from UPS and Unilever, for one year secondment each, who are responsible for coordinating the Supply Chain Strategy and Transformations.

Specific opportunities to enhance the supply chain by the Fund are also seen in the use of the **wambo.org** online procurement platform to advance services on a pilot/test basis.

Some examples of further enhancements are:

- Enhancing existing collaboration with UNFPA on condoms and lubricants,
- Expressions of interest to access wambo.org with domestic funding
- Facilitating the introduction and roll-out of new, innovative health products in collaboration with UNITAID
- Enhancing existing collaboration with Pan American Health Organisation on procurement for Latin America and Caribbean countries

Some information from this article was taken from Board paper GF/B36/16 which should be available shortly at www.theglobalfund.org/en/board/meetings/36.

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6. NEWS: Parameters for the qualitative adjustments for 2017-2019 allocations

Determined by the Strategy Committee in June 2016

David Garmaise 15 December 2016

Last June, when the Strategy Committee approved the qualitative adjustment process for 2017-2019 allocations (see GFO article), it also approved the parameters that are being used to make the adjustments in Stage 1 (epidemiological considerations) and Stage 2 (holistic adjustment – primarily absorption and impact).

Epidemiological considerations

As explained in our previous article, the adjustments in Stage 1 account for two factors: (1) populations disproportionately affected by HIV; and (2) settings with low-endemicity malaria.

Populations disproportionately affected by HIV

The adjustment factor is designed to provide "a modest relative upwards adjustment" in the case of epidemics with a high proportion of people living with HIV (PLHIV) amongst key populations, high numbers of key populations in absolute terms (and, therefore, larger prevention needs), and expanding HIV epidemics in key populations.

Each country with general HIV prevalence of less than 2% is assigned a series of weights according to four categories of adjustment. For the first three categories of adjustment, countries are attributed one of five weights, determined by splitting the countries into quintiles. For the fourth category of adjustment, countries are attributed one of three weights. The country's four weights are then multiplied together to arrive at an amount that translates

to an overall percentage increase to the formula-derived allocation amount. The four categories of adjustment, their rationales, and their weights are shown in the table below.

Adjustment parameters: Populations disproportionately affected by HIV

Adjustment category	Rationale	Weight
Total PLHIV	Inversely weighted so that largest epidemics with large formula-derived allocations are not further advantaged	5,4,3,2,1 (5 for quintile of lowest formula-derived allocation amounts; 1 for highest)
Proportion of two largest key populations among total PLHIV	Weights advantage countries with larger burdens of HIV among key populations	1,2,3,4,5 (1 for quintile of lowest proportion of two largest key populations among PLHIV; 5 for highest)
Population size estimate of two largest key population groups	To assure funding to countries with sizable key population communities but limited HIV transmission to date, a weighting of key population size provides some advantage to countries with larger prevention needs	1,2,3,4,5 (1 for quintile of lowest size estimates of largest two key population groups; 5 for highest)
New HIV infections estimates rising (2010-latest available)	Small weight advantage to countries with expanding epidemics among any single key population	1.1 if new HIV infections among a single key population group is at least 10% but less than 20%; 1.2 if new HIV infections among a single key population group is at least 20%; or 1 otherwise.

The Strategy Committee said that flexibility should be maintained "around the margins" to include or exclude countries in the adjustment factor or modify the adjustment owing to overriding contextual considerations.

The approach approved by the Strategy Committee is designed to ensure that the overall allocation for HIV remains unchanged after the adjustments for populations proportionately affected by HIV are made. The Committee estimated that the adjustments would move about 4.7% of the funds for HIV (close to $250 million) to approximately 80 countries with general HIV prevalence of less than 2%, with around 15 countries seeing no change and about 25 seeing modest decreases. While in absolute terms, the movement of funds is small, the Committee said, "the adjustment factor will result in significant relative increases in funding to these countries with populations disproportionately affected by HIV (median relative increase of almost 30% on their formula-derived allocations)."

Low-endemicity malaria

The adjustment for low-endemicity malaria aims to address the small number of instances where the allocation formula's burden indicator over-represents current programming needs in settings with low numbers of population at risk.

The adjustment factor will be applied to countries with population at risk of fewer than one million, and will cap their formula-derived allocations at $6 per person at risk of malaria. The Strategy Committee estimated that this approach would cap the formula-derived malaria allocations of eight countries, redistributing approximately $18 million across the remaining portfolio of countries with populations at risk of at least one million.

Absorption and impact

The adjustment for absorption will be based on a calculation of potential absorption. This will be determined by comparing the level of funding anticipated to be utilized from the 2014-2016 allocation period with the 2017-2019 formula-derived allocation amount. The calculation is as follows:

> [Actual and forecasted use of funds from 2014-2016 allocation] *divided by* [2017-2019 formula-derived allocation]

A result significantly greater than 100% would indicate a significant increase in funding scale compared to current allocation period and, therefore, lower potential absorptive capacity. A result significantly less than100% would indicate a significant decrease in funding scale and, therefore, higher potential absorptive capacity. Past absorption levels may still provide useful supportive data and will be included in the list of supportive information (see previous GFO article).

The adjustment for impact will be based on a calculation of potential impact. This will be determined by comparing the projected impact (lives saved; and infections or cases averted) arising from the 2017-2019 formula-derived allocation amount with the 2020 impact targets set out in the technical partners' global plans. This will indicate what the gap is between projected impact and the targets. The Strategy Committee said that those country programs with a smaller gap will have smaller potential for impact because they have significantly progressed through their impact curve towards being on track with the global plans. Those country programs with a bigger gap will have larger potential for impact, and may need relatively more support in progressing towards the targets.

The Committee said that past impact (incidence and mortality trends) will remain important contextual information, particularly to draw attention to cases of increasing epidemics.

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7. NEWS: ICASO and the International HIV/AIDS Alliance have conducted six case studies of regional concept note development.

Larson Moth 08 December 2016

In a recent report noted at the end of this article, ICASO and the International AIDS Alliance looked at the second round of RCN development from six regions and details experiences drawn from that second window. In total, the report includes RCN development in Asia, West Africa, the Middle East and North Africa (MENA), Latin America and the Caribbean, and Eastern Europe and Central Asia (EECA).

In 2015, ICASO and the International HIV/AIDS Alliance produced a paper which looked at three case studies of first experience of RCN development in Eastern Africa, Southern Africa, and the Middle East and North Africa (MENA).

The report found that in general, the regional application process improved in the second window of submissions compared to that of the first. Greater predictability and more technical assistance was provided in the second round. The report cited more funding mobilized to support RCN development. Applicants also learned from experiences in the first window, and were better the second time around at developing their applications.

Key findings

The report is thorough in detailing the experiences brought out from the RCN submissions and the findings and recommendations brought about from the subsequent methodology employed by ICASO and the Alliance. Each of the case studies offers unique insights into the regional concept note development process. The report identifies overarching findings that emerged in its study and which it states, have implications for future planning and design, as the Global Fund and various implementers look ahead to the next round of regional program proposals.

The five findings as a result of the study are:

- While the Global Fund Secretariat demonstrated responsiveness to applicant inquiries and requests, the handling of communications with applicants was often uncoordinated.

- The concept note template is still not tailored to regional programs, but with some adjustments, flexibility, and experience, applicants made it work.

- Applicants experienced the Technical Review Panel as a unilateral process.

- Country Coordinating Mechanism/National AIDS Program endorsements are burdensome to obtain, but can be managed with planning.

- Invitations following Expressions of Interest offered predictability.

Key recommendations

ICASO and the Alliance state in the report that specific recommendations for Applicants are not included because the regional application process is currently under review and they expect that the recommendations that they have made will be considered in the course of the Global Fund's review. However, given below are the key recommendations brought out by the study and which are directed at the Fund:

1. Establish a hub for regional programs at the Global Fund Secretariat.

2. Establish a taskforce to review the regional proposal development process, concept note template, and associated protocol.

3. Improve the regional concept note template.

4. Develop a process for applicants to directly respond to TRP recommendations, with the potential for amended recommendations.

5. Review the CCM/NAP endorsement requirements for regional concept notes.

6. Explore more efficient pathways to CCM/NAP notice or buy-in.

7. Preserve the screening and invitation approach of the second window's Expression of Interest.

It should be noted that for 2017-2019, there will be no windows and no open call for applications. Instead, the Secretariat will invite certain organizations to apply. For further information on this, readers are directed to a previous GFO article with further details available here. For a detailed and comprehensive analysis of the report's points, readers are encouraged to access the report here.

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8. NEWS and ANALYSIS: A comparative study of opioid substitution therapy protocols will contribute to the sustainability of harm reduction in the Eastern Europe and Central Asia region

Eurasian Harm Reduction Network-EHRN provides evidence and instruments for optimising national harm reduction programs

Tina Zardiashvili 17 December 2016

The new methodology for the funding allocations and consequent gradual decrease of GF financing for the Eastern Europe and Central Asia **(**EECA) countries puts at special risk the operations of harm reduction services, which were, traditionally, largely supported by the GF. Although the HIV epidemic in EECA is mostly concentrated among people who inject drugs-PWID, the government's spending on harm reduction programs is paradoxically low. For example, Georgia covers 51% of the program expenditures, Kazakhstan provides 34%, Uzbekistan-18% and Belarus-14%. The rest of the countries cover from 0 to 8% of total expenditures for the harm reduction services. Only a few countries, which are EU member states, are providing 100% of domestic funding for harm reduction services (more information is available here).

The main reasons why the governments concerned might not take over the services established and run by the Fund are the limited health care budgets or unwillingness to support PWID, or both. Most governments in EECA either do not acknowledge drug use as a public health issue, or are simply avoiding making unpopular political decisions, such as supporting stigmatised minorities (for example, by increased funding and/or by liberalising restrictive drug policies). The governments' position, in general, is reflection of the population's negative attitude towards drug users.

The Global Fund-supported regional program "Harm reduction works-Fund it!", implemented by Eurasian Harm Reduction Network (EHRN), aims to build enabling environment for strategic-public and donor-investments and to increase the capacity of PWID in advocating for own rights, including increased domestic funding for PWID services.
The program has recently published a comparative study of opioid substitution therapy (OST) protocols conducted in six EECA countries: Belarus, Georgia, Kazakhstan, Lithuania, Moldova and Tajikistan. The study looked at OST protocols in each country and compared to the practices applied in Western countries, such as Germany, USA, Canada, Austria, Switzerland and Australia. The particular areas of the focus were OST practices during pregnancy, policies on taking doses individually, taking due to illness, travel or other reasons, specific driving licence procedures for PWID and suspension from the OST program.

The study identified the challenges of OST programs in EECA and explored how similar challenges were addressed by developed countries. Comparison will inform developing of the national standards for OST, which should lead to optimisation of harm reduction programs.
The Program Manager, Lela Serebryakova has specifically emphasized that "The term

optimisation should not be understood as the cutting of something down. To us [EHRN team] optimisation is to make services efficient, equitable and to increase the quality."

Although the main advocacy message of the program is directed to the governments, requesting to provide or to increase the domestic funding for harm reduction programs, its approach is complex, yet innovative and constructive. The program has already produced two outputs, which could provide precise estimation and justification for requesting a larger budget: 1. The methodology to access the harm reduction funding levels, with tools to track actual expenditures and unit costs per client per year; and 2. Evidence for developing the national standards of OST services. Used together, they can estimate how much money is required to ensure high quality services to PWID.

The EHRN program actively involved the PWID communities in the research process, which educates and empowers them. Equipped with the evidence and tools, they are not only able to request for increased domestic funding, but could also justify, how much resources do they need for services and why.

The Global Fund supports issue-based NGOs to empower PWID in order to transform them into equal partners of the state in decision-making processes. The scarce financial resources, the lack of relevant knowledge and stigma are just part of more complex and inter-linked problems. Increased domestic funding and/or improved policy will not automatically have positive impacts on the quality of life of drug users.

The Eurasian Harm Reduction Network (EHRN) supports the communities with necessary knowledge, tools and practice for the battle with the national governments. Ms Serebryakova told Aidspan, "EHRN supports communities to formulate evidence-based advocacy strategies for their national challenges. Although we are not in the position to directly influence any national processes, we still try to be instrumental in these processes".

In January, the program is delivering training for the community and government representatives on how the outcomes of the research can be operationalized and incorporated into the national monitoring and evaluation systems.

The changes in harm reduction policies and funding are very slow. Most problems, which we described in GFO article here are still unchanged. However, the Global Funds Sustainability, Transition and Co-financing policy has stimulated innovative, complex and responsible approaches to program designs. The harm reduction services are inspected by PWID communities who believe that although money is important, in the case of the harm reduction services, it is the quality of the program itself which means more.

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9. NEWS AND ANALYSIS: Low absorptive capacity of Global Fund grants and its implications for programming in countries

Abdhalah Ziraba 15 December 2016

The Global Fund defines absorptive capacity as the percentage of actual expenditure compared to the total grant budget. Countries have long reported various policy and operational barriers that hinder their ability to fully absorb donor funds.

Some authorities in "development circles" have argued that higher relative aid flows in a country with low absorptive capacity have the potential to increase cost of service delivery, affect quality of service delivery, or both. Based on this logic, there are suggestions that countries with low absorptive capacity should receive only what they can absorb. In either case, health needs for which funding is available may go unmet.

At the 36th Board meeting held in November 2016, the Secretariat, in its recent analysis, explained that in the best-case scenario, approximately US$1.1 billion in grant funds will remain unutilized at the end of 2017. These funds will be added *en bloc* to the 2017-2019 allocations. But individual countries will not be able to carry over *their* unused funds to *their* 2017-2019 allocation.

The funding implication of this is that the allocation intended for the 2015-17 cycle will be factored into the subsequent country allocations. Countries with unutilized grants at the end of the current allocation cycle will not be able to carry over that money to the next allocation period. Such funds will be put back into the 'pool' for future allocations.

Further, "unutilized grants" will be a qualitative adjustment factor for allocation in the new funding cycle. The challenge is that most countries with high burden of disease the and least ability to pay for the prevention and treatment of the three diseases, are also faced with significant absorptive capacity challenges.

Work carried out by the African Population and Health Research Center – APHRC, shows that in 34 countries within the two Africa constituencies that were assessed, only about 65% of funds from signed grants for the last three years had been disbursed. While this estimate does not use actual country expenditure, disbursement is dependent on balances in the countries, and therefore is a rough estimate of grant utilization.

APHRC work also identified broad categories of causes of low absorptive capacity including:

- Low capacity of country coordinating mechanisms (CCM) and Principle Recipients (PR) *(examples include fear of making ineligible expenses which would mean a country having to refund such expenses; and delays in selecting sub-recipients who carry out the actual work on the ground)*;

- High levels of government bureaucracy; restrictive national policies;

- Reprogramming (*changes to programming are necessitated often as a result of plans that were based on poor data and cannot be implemented)*;

- Poor relations between implementers and Global Fund country teams *(delayed feedback, delayed start date among others).*

APHRC's assessment concluded that most challenges identified were operational and are amenable to in-country actions/interventions while others were country specific and require contextual responses-*case for differentiated approaches.*

The Fund's Secretariat has recognized low absorptive capacity as a challenge facing grant implementation in countries. A total of 20 countries, of which 18 are African, are considered high impact *(have a substantial burden of disease and GF investment)* and have low absorptive capacity (estimated at 69%). Responding to this challenge, The Fund's Secretariat initiated the ITP initiative (see previous GFO article here) to support countries in taking specific actions to change this. Building on the ITP initiative, APHRC conducted a rapid assessment to assess country progress against set milestones.

This assessment was carried out in ten high impact countries in the West and Central African constituency that developed and implemented tailored country roadmaps of priority actions to improve absorption. Overall, the countries reported progress in key areas including strengthening country coordinating mechanism leadership; and improving operational; financial and supply chain management. Taken together, country actions through ITP or implementation of country roadmaps are proving to be successful in addressing absorption bottlenecks. Such efforts should be sustained and institutionalized in countries facing significant absorption challenges.

Going forward, the onus is on countries to fast track their implementation and submit reallocation proposals if needed. This call to action is supported by the recommendations made by the two constituencies' meeting held in Rwanda in November 2016 (for further reading on this meeting, please see the previous GFO article here) The resolutions that could directly improve implementation include: strengthening the CCM; improving procurement & supply chain management cycle; improving performance in high-risk environments; and building local capacity for greater sustainability. All these are anchored in developing resilient and sustainable systems for health. Activities for these could be supported by the catalytic funding which will be available in the new funding cycle.

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10. COMMENTARY: Significant impacts exist as a result of Global Fund withdrawal from programs and service delivery in Bosnia and Herzegovina

Aidspan Staff 14 December 2016

Bosnia and Herzegovina-BiH, an upper-middle income country with low HIV prevalence rates in both the general and high-risk populations, estimated at around <0.1% and <0.5% respectively, became ineligible for Global Fund support after September 2016. In the country, possession of drugs and organization of provision of sex services are criminalized. Same-sex relations are not criminalized but same sex marriage is nonetheless, not allowed. Stigma and discrimination against key affected populations-KAPs (Men Having Sex with Men, Sex Workers and Injection Drug Users) and Persons Living with HIV (PLHIV) are high, even among health care workers.

As a result of the Global Fund's withdrawal from BiH, KAPs and PLHIV will be most affected. All other marginalized groups (such are Roma people, migrants and prisoners) have lost the support and activities which were provided with the Fund's funding.

During the years of Fund support, about 60-70% of the HIV response was funded from domestic sources geared mainly towards treatment and care. Preventive services i.e. harm reduction, mobile testing of KAPs, etc. were totally funded by the Fund. Elements of HIV prevention and control previously covered by the Fund are key challenges in this post-Fund period.

The challenges on the ground

In the wake of the Fund's withdrawal, three main challenges have emerged:
First, there are procurement challenges related to the fragmentation of the health system of the country and its inability to enter the free market via one national mechanism. Indeed, in BiH, there is no national health budget, but several budgets at entity levels and in BiH at cantonal level corresponding to the national administration structure.

Today, 20 voluntary confidential counselling and testing (VCCT) centers operate within public health institutions. Antiretroviral Therapy (ART) is available to all persons in need and treatment is carried out at the infectious disease clinics in Banja Luka, Sarajevo and Tuzla. However, ART resistance test is not available for patients because of lack of equipment and education. Second, there are delivery challenges partly related to the inexistence of laws for social contracting; consequently, civil society organizations-CSOs can receive grants from the ministries but cannot be contracted by the health care funds to provide services. Thus, most services implemented by CSOs previously funded by the Global Fund will lack continuous funding.

For instance, almost all prevention, promotional and educational activities implemented by CSOs will lack funding as well as the mobile VCCT centers and attached services. This lack

of funding will also result in lack of activities related to stigma and discrimination fighting; lack of advocacy, promotion of PLHIV and KAP rights; and lack of social support to PLHIV. Also, some programs implemented by public institutions such as continuous Professional Development of the health care workers designed to address issues of stigma and discrimination will lack funding.

The third challenge is that of data collection and surveillance, because there is no systematic methodology and quality of data is often inconsistent. The presence of the Global Fund provided a framework and guideline for data collection and surveillance.

It appears then, that Bosnia and Herzegovina is not prepared for the withdrawal of the Fund.

Recommendations

The country needs both funding and time to help ensure that an HIV responsible transition planning process is in place. For instance, an additional period will afford the time needed to create a social contracting mechanism for the provision of preventive health, social, and educational services. These services will be offered by CSOs and be costed and budgeted by the national government.

Also, it might be important that the Global Fund help increase awareness of other international donors and organizations to the challenges faced by this country and others in similar situations and help mobilize support. This suggestion is particularly relevant for the European Union since the BiH is one of EU neighborhood countries. The European Union may be able to use its political leverage and its funding to help the BiH address also other political challenges that prevent the country from adequately responding to HIV and AIDS. Other international donors can also play a significant role in creating safety net for the key affected populations.

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11. NEWS and ANALYSIS: An Equitable Access Initiative report presents alternatives to the use of income level classification in decisions on eligibility and resource prioritization

Multi-criteria framework recommended

David Garmaise 16 December 2016

From the perspective of the Global Fund, the main takeaway from the final report of the Equitable Access Initiative (EAI) is that decisions on eligibility and prioritization of

resources should be based on more than just income level and disease burden. The EAI recommends that a multi-criteria framework be used instead.

The report of the EAI is dated 30 June 2016 but it was not released by the Global Fund until 12 December 2016.

For two decades, the World Bank has classified countries as low-, middle- or high-income based on gross national income (GNI) per capita. GNI has been an important factor in determining the eligibility of countries for development aid. But in recent years, the report said, it has become obvious that relying on the GNI classification has serious limitations.

In the last decade, rapid economic growth has hastened to move from low-income to middle-income status for many countries. In the process, these countries risked losing external support even though they are still home to most of the world's poorest citizens with unmet health needs.

The EAI was launched in early 2015 by the heads of multilateral organizations engaged in global health: Gavi, the Global Fund, UNAIDS, UNDP, UNFPA, UNICEF, UNITAID, the World Bank, and the WHO. The purpose was to consider alternatives to GNI as a framework to assess countries' need for external financial support for health.

According to the report, the 105 countries currently considered middle-income are home to more than 75% of the world's poor, and many of them are characterized by high-levels of inequity. From a global health perspective, the largest share of disease burden is now concentrated in middle-income rather than low-income countries, a reality that GNI per capita alone cannot capture.

The report points out that the recently adopted Sustainable Development Goals (SDGs) call for achieving ambitious development and health goals with an explicit focus on equity, especially among poor and vulnerable populations. One of the unique features of the SDGs, the report said, is in their relevance for all countries regardless of economic standing. But, the report said,

> "there is also a renewed commitment to 'shared responsibility' in investing toward a more equitable and egalitarian world, and achieving these goals through a human-rights based approach that is rooted in giving all people the opportunity to achieve their right to life and dignity. For external health financing this could mean a greater focus on the social determinants of health, reducing health disparities and the rights of vulnerable groups and key populations."

The EAI concluded that policymakers should consider a comprehensive framework for decision-making "that accounts for countries' position on a health development continuum, based on the analysis of countries' needs, fiscal capacity, and policies."

More specifically, the EAI study produced the following key findings:

- **Eligibility** – Policies should not only consider the level of wealth in a society, as measured by GNI per capita, but also account for health need relative to income.

- **Investment priorities** – A government's resources and policies to meet its country's health need should be taken into account.

- **Equity** – Context-specific analyses are relevant when assessing the level and type of support to be provided.

The Global Fund currently relies heavily on income level and disease burden to determine its policies on eligibility and to arrive at decisions on allocations to countries.

The EAI said that the weight accorded to income level in decisions about eligibility and prioritization overlooked key considerations such as (a) large variations in the distribution of disease; (b) poverty and inequality within countries; (c) the capacity of the health systems within countries; (d) the capacity of governments; and (e) governments' policy choices towards their citizens.

According to the EAI, another concern is that the income categories themselves are too broad and consist of countries that are sometimes at very different points along the development continuum. The middle-income country category currently ranges from GNI per capita levels of $1,045 to $12,736. Middle-income countries collectively account for the largest global share of poverty and disease, and they have varying levels of development, inequity, political stability, and social issues.

"A framework not purely based on income may be better suited to ease transitions, and identify suitable health interventions," the EAI said.

The EAI commissioned four expert analytical groups to independently explore the issue. Although their approaches differed, there were significant points of convergence in their recommendations, including (a) the use of disease metrics to capture health need; (b) accounting for inequity in income and health; and (c) accounting for a government's capacity to domestically finance health. The groups proposed different models. However, the EAI said, all four models provided relatively similar results, "which suggests that health needs and capacities may be captured by a variety of indicators."

In its report, the EAI described possible indicators and explored the approaches recommended by the four groups. However, the EAI did not recommend a specific framework. A news release issued by the Global Fund implied that the entire EAI report constituted a new policy framework.

The EAI said that although any classification framework depends on both the choice of underlying metric, and the choice of thresholds to group countries along common characteristics, recommending specific thresholds or grouping of counties was beyond the scope of its initiative. It said that the EAI "did not analyze the impacts of discrete funding thresholds on beneficiary country health outcomes, nor did it directly address the types of policies that might be appropriate to mitigate the impacts of eligibility transition."

The EAI also said that while its work attempted to include inequity measures, the poor quality and the unreliability of the relevant data prevented their inclusion in the overall

analysis. “A better understanding of inequity, particularly in health access and outcomes, would require more detailed sub-national analyses and to account for legal and social barriers, for which there is often no regular and reliable data collection,” the EAI said.

Finally, the EAI said that although the analysis and recommendations of its report are specific to health, the fundamental approach and characteristics could have relevance for other areas of development.

The EAI report comes too late to influence in a major way the methodology used to determine the Global Fund’s 2017-2019 allocations. Countries were told last week what their allocations are.

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12. NEWS: A message from the Board Chair of Aidspan, Dr James Deutsch

On behalf of Aidspan, I would like to wish all of its stakeholders and the readers of GFO, a happy festive season.

James Deutsch, Board Chair of Aidspan

This is issue #302 of the GLOBAL FUND OBSERVER (GFO) Newsletter. Please send all suggestions for news items, commentaries or any other feedback to the GFO Editor at mailto:larson.moth@aidspan.org. To subscribe to GFO, go to www.aidspan.org.

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