Aidspan
Independent observer of the Global Fund

Global Fund announces country allocations under NFM

The Global Fund on 12 March announced the allocation of $14.82 billion dollars across the 123 countries eligible for financial support of activities in at least one disease component, timing the release of a comprehensive list of the amounts available to each country with personalized letters sent directly to country coordinating mechanisms (CCMs).

The announcement – the culmination of a more than two-year effort to develop a new allocations methodology to guide the transition away from the rounds-based approach to the 'investing for impact' new funding model (NFM) – was made with little fanfare. Some countries, after seeing their allocation, grimly wondered whether this was a function of the inevitable disappointment that accompanied sums that were much less than anticipated.

In calculating the total sum available for allocation through 2016, the Global Fund added the estimated $5.5 billion it had on hand with an initial allocation of $10.22 billion, raised during the December 2013 pledging conference in Washington, DC.

That allocation was apportioned as $9.27 billion in indicative funding – available to all 123 eligible countries in varying increments – and $0.95 billion in incentive funding, confined to those countries assigned to Bands 1-3. Additional funds worth $300 million have been reserved for special initiatives and regional programs.

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The totals announced in the letters also included a recommended breakdown by disease. In most

countries, some percentage of funding in each disease is projected to support health systems strengthening: another key plank in the NFM strategy. These splits were intended to be recommendations for countries, although any flexibility in modifying the split will be subject to approval from the Fund. But already, countries and disease-specific advocates, particularly in the realm of TB and malaria, are gravely worried about underfunding.

Aidspan has removed a paragraph about disbursed but unspent funds from this story following clarification from the Secretariat.

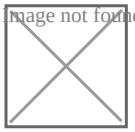
Yet another wrinkle is likely to manifest when it comes to the apportioning of resources in the 38 countries required to submit integrated HIV/TB proposals due to their high levels of co-morbidity. How that will be reconciled at the country level will likely be one of the core discussions during the country dialogue process that should be under way in eligible countries in coming weeks.

For many countries, the column in the table that identified their previous over-allocation was particularly troubling, especially since the burdens of disease and gap in unmet needs remain considerable. (See article here on over-allocation). Acknowledging that almost every country fighting the three diseases is 'under-funded' to some degree, the Fund said it was encouraging countries to prioritize key elements of national strategic plans and national health strategies for use of their envelopes while also seeking funds from other sources.

Implicit in this message is the clearly stated requirement contained in each of the allocation letters that countries must meet a 'willingness to pay' requirement in order to access 15% of funding; this 'willingness to pay' is shorthand for domestic co-financing of public health initiatives: a key demand from the Global Fund's donors that have shown themselves increasingly unwilling to shoulder the entire burden of financial responsibility for this aspect of health care in less-developed countries.

"The allocation model is the best way to address global challenges collectively," the Fund said in a document of Frequently Asked Questions. "That does not mean that every country gets more funding; it means that funds are allocated for maximum impact globally."

Breakdowns by region reflected the methodological approach to allocations that is at the core of the NFM: countries with the highest disease burden and lowest ability to pay received the lion's share of financial support. By extension, this has meant that nearly 50% of all money allocated during the period 2014-2016 goes to anglophone and lusaphone sub-Saharan Africa.



Most of the challenge around country allocations in this transitional period is manifesting itself with respect to the pipeline of existing grants, worth an estimated $9.06 billion.

In order to maintain continuity with what is in the pipeline, the Fund has had to essentially borrow 'new' money to make good on existing commitments to grants that were agreed under the rounds-based approach. This has left a smaller pool of resources available for the type of innovative investments to scale-up programs and target key populations for improved impact that the new approach is trying to encourage.

This presents countries with what some are considering a dilemma and others an opportunity. If there is significant money on hand already, a country could choose to delay its entry into the NFM, preferring instead to close out the rounds-based grant or grants it is currently implementing. That decision – about the so-called 'start date' – will require an additional round of discussions with the Fund about the financial needs to keep old programs going. Once a new grant is signed, using the total funding envelope available, old grants, for all intents and purposes, will be closed.

This choice is consistent with the Fund's support for country ownership: do countries integrate 'new' money into

their existing programs and allow grants to run their course, or do they completely overhaul their programs and activities, using the country dialogue as a fresh start for better-targeted, higher-impact activities?

But it also represents the paradox of prescriptiveness that subtly manifests itself within the guidance provided by the Fund. It is clear that for the NFM to take root and guide countries towards high-impact, high-value targeted programming, the Fund wants them to take the whole package (the existing and additional funds) and re-program on a smart and tailored approach to infectious disease control.

The Fund's championing of this option manifests itself in its support for "strategic reprogramming" on a country-by-country basis, with a vow that requirements and guidelines that currently exist for reprogramming will be streamlined.

Irrespective of the individual or country-level disappointments (see article here for reactions), the Fund has remained steadfast in its promotion of the NFM as a new approach that matches programmatic activities to epidemics: thus the focus on key affected populations in the Fund's strategic documents, since that is where the burden of disease and the highest risk of transmission most often rests, and the emphasis on smart investment for the greatest possible impact.

The NFM is a response not only to the internal issues within the Global Fund but more importantly to what countries have said from the outset that they want: more predictability in funding, more control over how money is spent, and better coordination with the Fund's own architecture to achieve the best possible result. The current confusion and disappointment would appear to be more related to the transition and the need to confront and resolve the liabilities from the past — including over-allocation, integration of existing and new funds, closing old grants and so on – before being able to move completely into the new approach.

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