



Independent observer  
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## CONFUSION OVER TERMINOLOGY MAY HAMPER DOMESTIC RESOURCE MOBILIZATION

In the letters that the Global Fund sent to countries informing them of their allocations for 2014–2017 under the new funding model (NFM), some components were identified as “over-allocated” or “significantly over-allocated.”

The “over-allocated” label did not mean that the component was receiving more money than was needed to fight the disease. It was simply a term used by the Global Fund to describe a component whose final allocation exceeded the amount than the NFM formula initially said it should receive.

But the “over-allocated” label is being misunderstood in ways that could be harmful to the Global Fund and to people affected by HIV, TB and malaria. Some government officials have said that if a component is considered “over-allocated,” it must be getting more than enough money and so there is no need to look for more domestic resources.

It would be wrong to conclude that “over-allocated” components received all the money they required to fight the diseases; the reality is that most of these components had their allocations reduced by 25% from their disbursements in 2010-2013.

In its July progress report on the NFM, the Secretariat acknowledged that the allocation letters “have had unintended consequences on domestic resource mobilization efforts.” The progress report emphasized that no country is receiving enough money to fight the three diseases, including countries with components designated as over-allocated in the context of the Global Fund’s allocation methodology.

But that message is not getting through. It isn’t getting through because the Global Fund is not doing a

good enough job of explaining the terminology it uses and because it has failed to make public many details on how the allocation methodology is being applied. In the absence of information, people tend to jump to erroneous conclusions.

Some Aidsplan staff recently participated in a meeting involving local and national stakeholders knowledgeable about the Global Fund. Very few of them knew what “over-allocated” and “significantly over-allocated” meant. One of the participants said that such language was a “gift to politicians who want to cut domestic financing for the diseases.”

What exactly does “over-allocated” mean, then? In order to determine what the base allocation should be for each component, the Secretariat used a formula based on ability to pay (income level) and burden of disease. The formula produced an initial allocation that was then adjusted for certain qualitative factors, such as the amount of funding the component was receiving from other donors.

The next step was to compare the formula-driven allocation to the funding that the component received recently (i.e. for 2010-2013). If that amount exceeded the formula-driven allocation by more than 25%, the final allocation for that component was based on the amount of recent funding, not the formula, minus (in most cases) 25%. The component was then designated “over-allocated.”

If a component was labeled “significantly over-allocated,” this meant that the amount of recent funding exceeded the formula-driven allocation by at least 50%. The allocations for these components were also based on recent funding, again minus around 25%.

The terms “over-allocated” and “significantly over-allocated” are constructs of a very complicated allocations methodology and they should be understood in that context. Over-allocated or significantly over-allocated components are not getting all the funding they need. On the contrary, they need as much new funding as they can find, including from domestic sources, just to maintain the level of service that was being provided in 2010-2013.

The confusion over terminology may prevent countries from finding other ways to fight the three diseases – including most critically from national budgets. To help allay the confusion, the Global Fund should be more forthcoming about how its allocation methodology was applied to determine the allocations for 2014-2017.

The allocation methodology is described in a Global Fund publication, [“Overview of the Allocation Methodology,”](#) and in an Aidsplan guide, [“Understanding the New Funding Model.”](#)

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