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SIIC Approves Parameters for the Allocation Formula for 2014–2016

The Strategy, Investment and Impact Committee (SIIC) has determined the parameters to be used for the allocations formula for 2014–2016. The SIIC approved indicators for disease burden and ability to pay; the methodology for determining Band 4 allocations; and maximum and minimum shares for apportioning indicative funding. This article provides details.

Editor's Note: The allocation methodology under the new funding model is quite complicated. It is difficult to understand the decisions of the SIIC that are described in this article without knowing how the entire allocations methodology will work. For this reason, Aidspan has prepared a paper entitled "The NFM Allocation Methodology Explained." The paper is available on the Aidspan website [here](#).)

Indicators for disease burden and ability to pay

The SIIC approved the indicators to be used to calculate disease burden and ability to pay in the allocations formula. See Table 1 for the list of disease burden indicators.

Table 1: Disease burden indicators

Disease	Indicators	Notes
HIV	No. of people living with HIV	Based on data from 2012 or most recent available data.
TB	No. of HIV-negative incident cases + 1.2 * No. of HIV-positive TB incident cases + 8 * estimated MDR-TB incidence + 0.1 * 50% of estimated no. of people with known HIV-positive status	Based on data from 2012. Assumes that the entire budget for antiretrovirals for HIV TB patients is included in the budget for TB components.

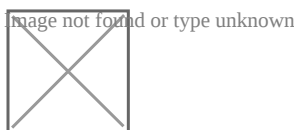
Malaria	No. of cases + No. of deaths + 0.05 * incidence rate + 0.05 * mortality rate	Based on data from 2000, indicators r
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The HIV disease burden indicator is unchanged from the one used in the transition phase. The TB and malaria disease burden indicators, however, have been revised slightly.

Applying the disease burden indicators produces a score for each disease.

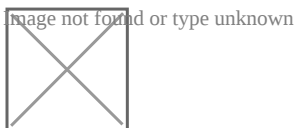
The indicator for ability to pay is unchanged from the one used for the transition phase. In the allocations formula, the ability to pay indicator is expressed as a factor by which the disease burden score is multiplied: 0.95 for low-income countries; between 0.95 and 0.4 (sliding scale) for lower-middle-income countries; and between 0.4 and 0.2 (sliding scale) for upper-middle-income countries. This is illustrated in Figure 1, taken from SIIC Document GF-SIIC09-08.

Figure 1: Ability to pay indicator



The allocations formula is described in Figure 2, taken from a paper prepared for the SIIC in October 2012.

Figure 2: Income/burden formula for calculating notional country shares



Band 4 methodology

Under the Band 4 methodology approved by the SIIC, indicative funding ceilings are based on population size. The same methodology was used for the transition period. For 2014–2016, however, an additional population size category (fewer than 500,000) has been added to better reflect the range of population sizes in the countries covered by Band 4. The Band 4 methodology is described in Table 2.

Table 2: Band 4 methodology

Population	Indicative funding ceiling per disease
Fewer than 500,000	No more than \$X million
Between 500,000 and 1 million	No more than 2 * \$X million
Between 1 million and 5 million	No more than 4 * \$X million
Between 5 million and 10 million	No more than 8 * \$X million
Over 10 million	No more than 10 * \$X million

The amount represented by “X” in the table cannot be determined until the overall level of resources for 2014–2016 is known and the proportion to be set aside for Band 4 is determined. This proportion was 7% in the transition phase. The proportion for 2014–2016 will not be determined until the composition of the bands is established and the allocations to the bands are made. “X” will be set such that the total allocation for all countries in Band 4 does not exceed the amount of funding allocated to Band 4.

Maximum and minimum shares

As it did for the transition period, the Global Fund has set maximum and minimum shares governing the amount of funding that a country can receive. The parameters for 2014–2016 are the same as those used for the transition.

The maximum share that any one country can receive is 7.5% of the total allocated to countries. In addition, for a given disease a country cannot receive more than 10% of the total allocated for that disease.

For countries in Bands 1–3, the minimum share is the greater of (a) the minimum required level and (b) the amount the country would receive by applying the Band 4 methodology. “Minimum required level,” also referred to “graduated reductions,” is explained in a GFO article [here](#).

Information for this article was taken from Board Document GF-B30-11, “Strategy, Investment and Impact Committee Decisions and Recommendations to the Board; and SIIC Document GF-SIIC09-08, “Allocation Formula Parameters for the 2014–2016 Allocation Period.” Document GF-B30-11 should be available shortly at www.theglobalfund.org/en/board/meetings/thirtieth. Document GF-SIIC09-08 is not available on the Global Fund website.

See also separate article, “[SIIC Takes Decisions on Incentive Funding and Other NFM Matters](#).”

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