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of the Global Fund

## Work underway to refine the Global Fund's allocation methodology for 2020–2022

Prime Minister Justin Trudeau delivers remarks at the closing session of the Global Fund Replenishment Conference in Montréal, Québec, 17 September, 2016

Source: [Website](#) of the Prime Minister's Office

Work has already begun on refining the methodology and process for the 2020–2022 allocations. The methodology is not expected to be all that much different from the one used for the 2017–2019 allocations. Most of the action between now and the announcement of the 2020–2022 allocations — expected towards the end of 2019 — will be at the Strategy and Policy Hub at the Secretariat and at the Board's Strategy Committee.

At its March 2018 meeting, the Strategy Committee discussed the lessons learned from the 2017–2019 allocations and agreed on the process for the 2020–2022 allocations, including setting timelines and identifying who is responsible for each step (see table).

Table: Milestones for development of methodology and process for 2020–2022 allocations

Year	Quarter	Milestone
2018	Q3	SC provides guidance on aspects of the methodology that need refinement
	Q4	SC reviews options for refinement
2019	Q1	SC recommends an updated methodology

SC  
approves  
the  
technical  
parameters  
\*

Q2 Board  
approves  
allocation  
methodology

Board  
approves  
catalytic  
priorities  
SC  
approves  
qualitative  
adjustment  
parameters

Q3 Application  
materials  
made  
available  
Secretariat  
reports  
to SC  
on  
qualitative  
adjustment  
process

Q4 Board  
approves  
sources  
of  
funds  
(i.e.  
funds  
available  
for  
allocation)  
Allocations  
are  
announced

\* Discussions with technical partners will begin by mid-2018.

In terms of what worked well for the 2017–2019 allocation methodology, the Secretariat identified the following factors:

- there was agreement at the outset between the Secretariat and the Strategy Committee concerning

- what aspects needed to be refined;
- there was effective collaboration among the Secretariat, the Strategy Committee, technical partners and Board constituencies;
- there was rigorous assessment of the impact of various refinements considered; and
- there was a transparent, rigorous and accountable qualitative adjustment process.

Editor's note: When the Secretariat refers to the qualitative adjustment process being "transparent" and "accountable," it means that the Secretariat has been transparent and accountable to the Board with respect to the factors used to make the adjustments. We cannot help but observe that the application of the qualitative adjustments has been anything but transparent to the wider Global Fund universe.

The Secretariat also identified several challenges associated with the allocations methodology and process for 2017–2019.

First, there was not much time between Board approval of sources of funds and finalization of the allocations. To address this, for the 2020–2022 cycle, the Secretariat plans to prepare scenarios based on different replenishment outcomes. This will help to identify, for example, whether a low replenishment outcome may require changes in the allocation methodology.

Second, the catalytic priorities were approved just before the allocations were announced (in November 2016). This was too late for timely operationalization of the priorities. For the 2020–2022 cycle, the plan is that the Board will approve the catalytic priorities during the second quarter of 2019.

Related to this, the Global Fund said there were some inefficiencies in the scope and process to define priorities for catalytic investments due to a lack of clarity around stakeholder roles. To address this, for the 2020–2022 cycle, a process coordinated by the Secretariat — using "situation rooms" and other coordination platforms — will be developed and implemented under the oversight of the Strategy Committee.

For those of you already thinking about the Sixth Replenishment...

In 2017–2019, \$11.1 billion was available for allocation. This consisted of \$10.0 billion net proceeds from the Fifth Replenishment (after deducting Global Fund Operating expenses) plus \$1.1 billion forecasted unutilized funds from the 2014–2016 allocation period. Given that there have been improvements in absorption and portfolio optimization, there is likely to be less carryover funds for the 2020–2022 allocation period. That means that the fundraising goal for the Sixth Replenishment will have to be higher than the goal for the last replenishment just to enable the Fund "to stay even."

Information for this article was obtained from the Global Fund Secretariat.

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