Aidspan
Independent observer of the Global Fund

Global Fund Board approves updated allocation methodology for 2020-2022

The allocation methodology for the 2020-2022 allocation period approved by the Board at its meeting on 15-16 May looks a lot like the methodologies used for 2017-2019 and 2014-2016. For the most part, the changes were relatively minor. The only significant change involved refinements to the disease burden indicators for malaria for the allocation formula (see below).

Figure 1: Overview of the allocation methodology

Source: Global Fund. Board Document GF/B41/02

The allocation methodology for 2020-2022, described in Board paper GF/B41/02, was recommended to the Board by its Strategy Committee.

According to the paper, in a review of the allocation methodology completed in July 2018 the Technical Evaluation Reference Group, the Technical Review Panel and the Global Fund Secretariat concluded that the allocation methodology "is working and [is] effective."

The Board paper said that the methodology prioritizes funding for high-burden and low-income countries at all funding levels. For the 2020-2022 period, the paper stated, "the allocation formula is expected to distribute approximately 50% of the funding to low-income countries." This is similar to what happened in 2017-2019.

The amount of money available for country allocations won't be known until after the Sixth Replenishment

pledging conference scheduled for October 2019 in Lyon, France. Nevertheless, the Board decided that up to $800 million of the funds available for country allocations will be used to top up (a) components that had previously received more funding than the allocation formula indicates they are entitled to, so as not to cause these components too steep a drop in allocation (the Global Fund refers to these as “paced reductions”); and (b) components that had previously received less funding than the formula calls for.

(This $800 million should not be confused with the funds earmarked for catalytic funding which, for 2017-2019, also amounted to $800 million. See separate article in this issue on catalytic funding for 2020-2022.)

Responsibility for decisions on the allocation methodology and related matters is split between the Board and its Strategy Committee (SC). Some aspects of the methodology have already been determined. The plan is to have all decisions concerning the methodology made in time to finalize the allocations for each country and component before the end of December 2019. See Table 1 for the timeline.

Table 1: Timeline and responsibilities for the roll-out of country allocations for 2020-2022

Date[1]	Activity	Responsibility
March	Technical parameters for the allocation formula determined	SC
May	Global disease split confirmed	Board
May	Allocation methodology adopted	Board
May	Funding reserved for scale-up and paced reductions	Board
July	Qualitative adjustments methodology determined	SC
November	Decision re how much funding is available for country allocations	Board
December	Countries advised of their allocations	Secretariat

[1] All dates are in 2019.

Technical parameters

The technical parameters were approved by the SC in March 2019. They include the disease burden indicators for the allocation formula; the country economic capacity (CEC) indicator (formerly referred to as the income level indicator); minimum and maximum shares; and the external financing adjustment. (See Table 2.)

Table 2: Technical parameters for the allocation formula

Parameter	Specification
HIV burden indicator	Number of people living with HIV (PLHIV) Latest available data
TB burden indicator	[1*TB incidence] + [10*MDR-TB incidence] Latest available data

Malaria burden indicator	[1 * number of malaria cases] + [1 * number of malaria deaths] + [0.05 * malaria incidence rate] + [0.05 * malaria mortality rate] Latest available data for the average values between 2000–2004 No. of malaria cases and deaths adjusted by latest Population-At-Risk (PAR) ratio: PAR (latest year) / PAR (2000-2004 average) All indicators normalized
Country economic capacity indicator	Weighting determined by GNI per capita and smooth CEC curve Latest available data
Maximum shares	10% funding at a disease level; 7.5% funding at a country level
Minimum shares	$500,000 per component, subject to assessment of the impact that could be achiev strategic objectives, and ability to efficiently manage such programs with differentia management processes
External financing adjustment	Projections discounted by 50% for data quality; can influence country allocations by

The SC made some refinements to the malaria burden indicator; the HIV and TB burden indicators remain unchanged.

For malaria, the SC decided that historical data would continue to be used to reflect the potential for malaria transmission in the absence of control interventions. However, the committee approved two adjustments to the disease burden indicator:

- Incorporate the latest population-at-risk data to account for country differences in population growth since the period of peak burden; and
- Replace the original baseline year of 2000 with the average of 2000-2004 to better capture each country's relative malaria transmission potential, given that countries reached peak burden at different times.

The Global Fund estimates that these changes will have a small overall effect, shifting less than 2% of funds among components within the malaria "envelope" when compared to 2017-2019.

The SC left unchanged the parameters for minimum and maximum shares, and external financing.

Global disease split

The allocation methodology retains the global disease split used in the previous methodologies: HIV 50%, TB 18% and malaria 32%. This split is used to calculate the proportion of the total country allocations that is allotted to each disease.

“While committee members expressed different views on the global disease split,” the Board paper stated, “the Strategy Committee ultimately acknowledged that maintaining the current disease split for the 2020-2022 allocation period was the most feasible option to avoid critical programmatic gaps that would likely result from significant shifts in the distribution of Global Fund investments across diseases.”

The SC requested that the Secretariat incorporate a disease split analysis into planning for future allocation periods and the development of the next Global Fund strategy.

Qualitative adjustments

For the 2017-2019 allocations, the qualitative adjustments were applied in two stages. Stage 1 involved adjustments to account for epidemiological considerations that could not be adequately addressed when applying the allocation formula. For HIV, for example, an adjustment was applied to account for key populations disproportionately affected by HIV in low prevalence settings. For malaria, a cap of $6 per person at risk was applied in countries with a population at risk of less than one million, to account for settings with low endemicity of malaria.

Stage 2 involved a holistic adjustment (up or down) to account for programmatic and other contextual factors. In 2017-2019, the factors considered during the qualitative adjustment process included potential for impact; potential for absorption; the cost of essential programming; HIV incidence rates in lower prevalence countries; and sustainability and transition considerations.

According to the paper provided to the Board, certain factors from the 2017-2019 allocation period will continue to be important considerations for 2020-2022, such as the key populations adjustment in Stage 1, as well as the cost of essential programming, potential for impact and potential for absorption in Stage 2. “The Secretariat will work on refining these factors, including HIV incidence, to ensure the best available data is used and adjustments are made holistically to reflect country contexts,” the paper said. The Secretariat is considering other potential factors, such as fiscal space and how refugee population needs are accounted for. The qualitative adjustments methodology and process will be decided at the Strategy Committee’s July 2019 meeting.

Contents of the Board paper

Board Document GF/B41/02 contains the precise wording of the decision points adopted by the Board. In addition, the annexes of this document include the following:

- The full text of the allocation methodology approved by the Board;
- A description of the technical parameters in the allocation methodology;
- A description of the allocation methodology using tracking to show the changes from the previous methodology;
- A note explaining the changes to the allocation methodology; and
- Recommendations from technical partners concerning the disease burden indicators.

Board Document GF-B41/02 (Approval of the Allocation Methodology for 2020-2022 Allocation Period) should be available shortly at https://www.theglobalfund.org/en/board/meetings/41/.

Editor’s note: This article is dated 16 May, which is when this article was uploaded into our automated system. The article was not published until 17 May, the day following the Board meeting. This respects

our agreement with the Global Fund concerning when we publish articles that are based on the content of the Board papers.

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