



Independent observer  
of the Global Fund

## COMPARISONS BETWEEN GLOBAL FUND ALLOCATIONS FOR 2014-2016 AND 2017-2019 ARE MISLEADING

If your country receives money from the Global Fund, and if you compare your country's allocation in 2017-2019 with its allocation in 2014-2016, it is likely you will find that the amount for 2017-2019 is lower, sometimes significantly lower. This may be true whether you are looking at the full allocation for your country or at the allocations for individual components.

However, the 2017-2019 and the 2014-2016 allocations are not really comparable. The 2014-2016 allocation period was unique because it represented a transition between the old rounds-based system and the new allocation-based funding model. The 2014-2016 allocations contained both existing sources of funds mobilized during the rounds-based system that were undisbursed as of 31 December 2013 and additional (i.e. new) money from the Fourth Replenishment in 2013. The 2017-2019 allocations contained primarily new money from the Fifth Replenishment in 2016.

In addition, the 2014-2016 allocations were intended, exceptionally, to cover four years instead of the usual three (more on this below).

The 2014-2016 allocation period

For the 2014-2016 allocation period, the Board approved a total allocation of \$15.77 billion, of which \$14.82 billion was available for the base allocations to countries and \$0.95 billion was reserved for incentive funding. (See Table 1 for information on how these amounts were determined.)

Table 1: Calculation of funds available for 2014-2016 allocations (\$ billion)

Item	
Proceeds from 4th Replenishment (gross)	
Minus: Reduction for technical assistance and other donor conditions	
Proceeds from 4th Replenishment (net)	
Minus: Global Fund operating expenses	
Minus: Reserved for special initiatives	
Minus: Reserved for new regional programs	
Funds available from 4th Replenishment for allocation (gross)	
Minus: Reserved for incentive funding	
Funds available from 4th Replenishment for base allocation to countries (net)	
Plus: Undisbursed sources of funds originating from the Third Replenishment, or earlier, as at 31 December 2013	
Total funds available for base allocations to countries	
Plus: Funds available for Incentive funding	
Total funds available for allocation	

Of the \$15.77 billion available for allocation to countries for the 2014-2016 allocation period, approximately a third (\$5.55 billion) consisted of existing funds.

The 2017-2019 allocation period

For the 2017-2019 allocation period, the Board approved a total allocation of \$11.10 billion, of which \$10.30 billion was available for the base allocations to countries, and \$0.80 billion was reserved for catalytic investments. (See Table 2 for information on how these amounts were determined.)

Table 2: Calculation of funds available for 2017-2019 allocations (\$ billion)

Item	
Proceeds from 5th Replenishment (gross)	\$12.90 b.
Minus: Adjustment related to currency exchange rates	– \$0.89 b.
Minus: Reduction for technical assistance and other donor conditions	– \$1.12 b.
Proceeds from 5th Replenishment, rounded (net)	\$10.90 b.
Minus: Global Fund operating expenses	– \$0.90 b.
Funds available from the 5th Replenishment for allocation	\$10.00 b.
Plus: Forecasted unutilized funds from the 2014-2016 allocation period	+ \$1.10 b.
Funds available for allocation (gross)	\$11.10 b.
Minus: Reserved for catalytic investments	– \$0.80 b.
Total funds available for base allocations to countries (net)	\$10.30 b.
Plus: Funds available for catalytic investments	+ \$0.80 b.
Total funds available for allocation	\$11.10 b.

Note: In 2017-2019, no money was set aside for incentive funding as this mechanism was not part of the refined methodology for this period. However, as shown in the table, \$0.8 billion was approved for catalytic investments.

So, while total funds available for the base allocations to countries was \$4.52 billion less in 2017-2019 than it was in 2014-2016 – \$10.30 billion vs. \$14.82 billion – much of the difference can be explained by

the \$5.55 billion in existing funds included in the allocations for 2014-2016.

There are other reasons why a comparison between the 2014-2016 allocations and the 2017-2019 allocations would be inaccurate. They include that for 2014-2016, in the words of the Secretariat:

“Some countries received additional funding over the allocation period to take them through to end of the typical four-year period over which the 2014-2016 total allocations were to be utilized, as was the case with the country components with shortened grant duration and those that were early applicants. The allocations from the two periods were intended to be utilized over different durations, and given that malaria funding accounts for three-year bed net campaign cycles that, typically, are unequally distributed across a three-year period, malaria allocations that are designed to be utilized over different time frames are not comparable.”

Also, in the 2014-2016 allocation period, some countries received funds for unfunded quality demand (UQD). However, it is too early in the 2017-2019 allocation period for UQD to have been funded. In addition, in the 2014-2016 allocation period many countries received additional funding beyond their base allocation in the form of incentive funding. Many countries will receive additional funding beyond their base allocation in 2017-2019 in the form of catalytic investment funding (especially matching funds), but not all of this funding has been awarded yet.

### Three years vs. four years

One of the reasons why it is misleading to make a direct comparison between the two allocation periods is that the 2017-2019 allocations are intended to cover three years of programming (as is typically the case for an allocation period), whereas the 2014-2016 allocations were exceptionally intended to cover four years, owing to the transition from the rounds-based system to the allocation-based funding model. That the 2014-2016 allocations covered four years appears to be not widely known, although it is part of committee and Board materials and decisions, and is mentioned in other communications documents.

For example, paragraph 2.d. of [Decision Point 9](#) from the 31st Board meeting in Jakarta, Indonesia in March 2014 states:

“While each disease component’s portion of the Total Allocation will typically cover a period of four years starting from 1 January 2014...”

In addition, more recently, in its [Overview of the 2017-2019 Allocations](#), dated December 2016, the Global Fund said:

“[...] It is also important to note that allocations may seem smaller than those communicated for the last allocation period, which were to be used over four years, whereas from 2017-2019 onwards allocations will be used over three years.”

In its [FAQ document](#) on the 2017-2019 allocation period, also dated December 2016, the Fund said:

“For the 2017-2019 allocation period, country allocations are for three years only. The allocations communicated in 2014 were for a four-year period due to the transition from the rounds-based funding approach.”

One of the reasons for including undisbursed sources of funds from the rounds-based system in the 2014-2016 allocation was so that the principles of the allocation model could be applied to the entirety of new and existing funds. The Secretariat told Aidsplan that

“the Global Fund Board determined that four years would be the typical period to utilize the \$15.77 billion

available for allocation, as part of the transitional approach for the 2014-2016 allocation period. This was to ensure the rate of investments would be sustainable for future periods, whilst being aligned with the direction of the allocation formula.”

To understand why the Global Fund says that the 2014-2016 allocations were meant to cover a four-year period, look at the following examples:

#### EXAMPLE 1

- Country X is informed of its allocation in March 2014. The allocation consists of a mix of existing and additional funding.
- Country X submits a concept note for TB in May 2014 in which it proposes a grant start date of 1 January 2015 and a grant end date of 31 December 2017 (i.e. a three-year grant).
- While the concept note is reviewed, and while grant-making takes place, Country X continues to provide services using funds from the existing portion of its allocation.
- The grant is approved for funding, and implementation starts on schedule, i.e. on 1 January 2015.
- Thus, Country X’s TB allocation covered four years of funding – the three years of the new grant (1 January 2015 to 31 December 2017) plus one year of the existing grant (1 January 2014 to 31 December 2014).

#### EXAMPLE 2

- Country Y is informed of its allocation in March 2014. The allocation consists of a mix of existing and additional funding.
- Country Y submits a concept note for HIV in August 2014 in which it proposes a grant start date of 1 July 2015 and a grant end date of 31 December 2017 (i.e. a two-and-a-half-year grant).
- While the concept note is reviewed, and while grant-making takes place, Country Y continues to provide services using funds from the existing portion of its allocation.
- The grant is approved for funding, and implementation starts on schedule, i.e. on 1 July 2015.
- Thus, Country Y’s HIV allocation covered four years of funding – the two-and-a-half years of the new grant (1 July 2015 to 31 December 2017) plus one-and-a-half years of the existing grant (1 January 2014 to 30 June 2015).

#### Other comparisons

Since it is illogical to compare the allocations for the two periods, the Secretariat believes that it makes more sense to compare the 2017-2019 allocations with (a) the three-year equivalent of actual and forecasted use of funds from the 2014-2016 allocation period (for the components eligible to receive funding in 2017-2019) – i.e. the amount of funding awarded for 2014-2016 that the country was able to invest; or (b) disbursements for 2011-2013, the three-year period prior to the introduction of the allocation-based funding model. The Secretariat has provided Aidsplan with the figures shown in Table 3 below.

Table 3: Total 2017-2019 allocations, compared with 2014-2016 actual and forecasted use of funds, and 2011-2013 disbursements (\$ billion)

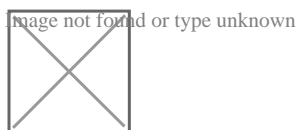
	2017-2019 allocations	2014-2016 actual and forecasted use of funds (3-year equivalent)	2011-2013 disbursements
HIV	\$5.15 b.	\$5.41 b.	\$5.25 b.
TB	\$1.85 b.	\$1.86 b.	\$1.50 b.
Malaria	\$3.30 b.	\$3.29 b.	\$2.65 b.
Total	\$10.30 b.	\$10.56 b.	\$9.40 b.

This comparison shows that the 2017-2019 allocations were a little below the 2014-2016 actual and forecasted use of funds, but were almost \$1 billion higher than 2011-2013 disbursements.

The actual and forecasted use of funds are calculated by looking at the disbursements that have occurred and the forecasted disbursements arising from the total funds available to each country disease program during the 2014-2016 allocation period (allocation, incentive funding, shortened grant duration funding, extension of early applicants' funding, UQD, etc.). From this, three-year equivalent amounts are taken to ensure comparability between the 2014-2016 allocation period, for which funds were to be invested typically over four years, and the 2017-2019 allocation period, for which three-year funding envelopes were provided.

The Secretariat provided Aidspace with a chart showing the comparisons based on income level and regions, using the three categories described in Table 3 (see Figure 1).

Figure 1: 2017-2019 allocations, compared with 2014-2016 actual and forecasted use of funds, and 2011-2013 disbursements – for income level and region (\$ million)



This same information is available in the Global Fund's [Overview of the 2017-2019 Allocations](#) publication.

A limitation of the comparisons suggested by the Secretariat is that they are only available in the aggregate (for example, by regional, disease, income, and disease burden groupings). Actual and forecasted use of funds are calculated through the Secretariat's ongoing forecasting process. As such, as the Secretariat explained to Aidspace, "consistent with the granularity of information assessed by the Global Fund's Board and committees, the Global Fund does not provide these comparisons at country level." [Emphasis added]

A detailed explanation of the methodology used to determine the 2017-2019 allocations is available [here](#). Additional information on the 2017-2019 allocations is available [here](#). Aidspace is grateful to the Secretariat for reviewing a draft of this article and providing additional information.

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