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GLOBAL FUND'S STRATEGY COMMITTEE FAVORS RETAINING GNI PER CAPITA AS A MEASURE OF COUNTRY INCOME

The Strategy Committee, which has been discussing possible changes to the Global Fund's Eligibility Policy, will recommend a revised strategy to the Board at the its 39th meeting in May 2018. Meanwhile, the committee has provided the Board with a paper outlining its current thinking on this topic. In this article, we provide a summary.

GNI per capita

The Strategy Committee believes that the Global Fund should retain the use of gross national income (GNI) per capita to measure country income for the purposes of the Eligibility Policy (while continuing to use other economic metrics in the context of sustainability, transition and co-financing policies).

The committee says that despite its limitations, GNI per capita remains best available measure to quantify average economic capacity in a country. It says that use of the World Bank thresholds (low income, lower-middle income, etc.) allows for consistency. Using additional metrics, the committee adds, would require clear articulation of what the Global Fund would be trying to achieve with adding another metric. Finally, the committee notes that if other metrics are used, the World Bank thresholds would no longer apply.

The Global Fund currently uses the latest three-year average of GNI per capita to determine income level to mitigate the effect of major changes in GNI from one year to the next.

Emergency funding for ineligible components

The Strategy Committee believes that the issue of emergency funding for ineligible components should be

addressed outside the Eligibility Policy.

Many people have argued that the Eligibility Policy should be amended to allow the Global Fund to respond to health crises like the one in Venezuela (see GFO article). Under the current policy, Venezuela is not eligible for Global Fund support.

At its 37th meeting last May, the Board directed the Strategy Committee and the Secretariat to discuss exceptional circumstances in non-eligible countries as part of the ongoing review of the Eligibility Policy.

The current policy uses a combination of income level and disease burden to determine whether components are eligible. A list of eligible countries is produced annually, although it is primarily used once every three years as the basis for the allocations. Allocations are not given mid-cycle, the committee states, and no funding is set aside to address health crises in ineligible countries.

The Global Fund has an Emergency Fund of $20 million for 2017-2019, and it has defined the criteria regarding what constitutes an emergency, but only countries with at least one eligible component may apply.

The Strategy Committee says that the Secretariat can ask the Board to make exceptions to the Eligibility Policy on a case-by-case basis. It adds that any move to fund ineligible components would require a Board decision and would need to identify where the funding would come from.

The committee has created an informal working group to examine this issue.

See separate article in this issue on the situation in Venezuela.

Disease burden

The Strategy Committee believes that the disease burden categories should be reduced from the current five to two. It says that the current categories (extreme, severe, high, moderate and low) are not used by partners and that only two of the categories (high and extreme) are used by the Global Fund to determine eligibility for upper-middle-income (UMI) countries. Simplified categories based on a single threshold for UMI countries makes sense and would be easier to communicate, the committee states. The committee believes that the two thresholds should simply be “eligible” and “ineligible.”

Currently, all low-income (LI) and lower-middle-income (LMI) countries are eligible for funding regardless of burden. The Strategy Committee believes this should not change.

The Global Fund’s partners are reviewing UMI thresholds for the three diseases and will be making recommendations to the committee.

The Eligibility Policy spells out which metrics will be used to determine the thresholds for the disease burden categories. The Strategy Committee believes that the current metrics for HIV and malaria should be maintained, except that the addition of a new metric for malaria – malaria resurgence – should be considered. For TB, the committee believes that the TB notification rate should be replaced by the TB incidence rate. Potential thresholds under discussion for UMI countries are:

TB incidence >= 50 or 100 per 100,000

or

Proportion of new TB cases which are drug-resistant TB >= 5%

UMI exceptions

The following is the Strategy Committee's current stance on the various exceptions in the policy for UMI countries:

- G20 Rule: Under the current policy, components from UMI countries that are members of the Group of 20 (G20) are eligible only if they have an extreme burden of disease. The Strategy Committee is considering two options: (a) replace this with a rule that says new G20 countries will not be eligible; or (b) maintain the current rule, but allow for transition funding.
- OECD-DAC requirement: Currently, UMI countries not on the OECD-DAC list of countries eligible for Official Development Assistance (ODA) are not eligible for HIV (unless they qualify under the NGO Rule; see below). The committee believes that this rule should be maintained and that consideration should be given to expanding it to TB and malaria.
- Small island economy: Under the current policy, UMI countries designated as small island economies by the International Development Association (IDA) are eligible to receive an allocation regardless of disease burden. The Strategy Committee believes this rule should be retained.
- HIV NGO Rule: Currently, UMI countries not on the OECD-DAC list of ODA recipients are eligible to receive an allocation for HIV if they have a disease burden of at least "high" and if they meet certain conditions, including (a) that the program will be managed by an NGO; and (b) that the interventions to be funded are not currently being provided because of political barriers. The committee says that it will review this rule in conjunction with its review of the OECD-DAC requirement.

The list of countries in the G20 includes India, Indonesia and South Africa, three countries currently receiving support from the Global Fund. South Africa is a UMI country with an extreme burden of disease for HIV and TB (but only a high burden of malaria). Thus, only South Africa's HIV and TB components are eligible.

India is a lower LMI country and is currently receiving allocations for all three diseases.

Indonesia is an upper LMI country and is also currently receiving allocations for all three diseases. At present, Indonesia has a high burden of HIV and malaria, and a severe burden of TB. Indonesia has one of the highest number of missing TB cases in the world. Indonesia's economy has been growing steadily. Should Indonesia be re-classified as a UMI country in future, and should the country's disease burden categories remain unchanged, Indonesia would no longer be eligible for any of the three diseases – under the current Eligibility Policy.

Transition funding

The Strategy Committee says that the question of whether one allocation of transition funding is sufficient is under discussion. It said that the Secretariat remains committed to seeking exceptions for additional transition funding in the event that one allocation period is not enough. The committee has discussed potentially establishing guidelines that define general triggers for when exceptions should be requested, but it says that this approach has its limits given the widely varying country contexts. The committee noted that in 2014-2016, only two components received transition funding, and that one of them remained eligible in 2017-2019 under the Challenging Operating Environments Policy. In 2017-2019, 12 components received $34 million in transition funding.

The current Eligibility Policy was adopted in April 2016. The last time there was a major revision to the policy was 2011.

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