MORE IS KNOWN ABOUT THE IMPACT OF THE NEW ALLOCATION METHODOLOGY

In April 2016, the Global Fund Board approved a new allocation methodology for the period 2017-2019 (see GFO article). While the formula for deciding how much money each country gets has not changed dramatically, there are several noteworthy instances where specific regions and disease components will receive significantly more money – or significantly less money – in the next grant cycle.

There are serious implications for countries about to receive less funding, most of which are in Eastern Europe and Central Asia (EECA), and in Latin American and the Caribbean (LAC). The changes also raise issues concerning absorptive capacity and the availability of technical assistance for counties that are about to receive significantly more money, most of which are in Africa.

The main difference with the new allocation methodology is that greater priority is given to low-income/high-burden countries. One repercussion of this is that low-income countries are the only grouping that will receive a proportional increase in 2017-2019. These countries will be allocated 44.3% of total Global Fund investment in 2017-2019, as compared to 41.9% in 2014-2016. Lower-middle-income countries will receive slightly less – 41% compared to 42.1%. So, too, will upper-middle income countries – 7.5% compared to 8.0%. Beyond allocation funding – i.e. catalytic funds for multi-country grants, strategic initiatives, etc. – will also be funded to a slightly lesser degree: 7.2% compared to 7.8%.

Another repercussion of the increased emphasis on low-income/high-burden countries is that countries with severe or extreme burdens of HIV, TB, or malaria are about to receive a significant boost. Indeed, the new allocation methodology brings funding closer in line with disease burden (Figure 1). The biggest proportional increase will be for the top 15 countries most affected by HIV.

Figure 1 Implications of new allocation methodology for funding to the top 15 high-burden countries, by disease

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As a result of these changes, there will be:

- a 30% increase for sub-Saharan African countries with the highest HIV infection rates in women and girls;
- a 25% increase to the top 28 countries affected by multi-drug-resistant TB (MDR-TB); and
- a more than 10% increase for countries with extreme or severe malaria burden, and a more than 10% increase for malaria for all sub-Saharan African countries.

At a regional level, also, there are some important funding changes about to take place as a result of the new allocation methodology. The table below highlights the proportional changes in allocation by geographic region. Overall, four regions will receive an increase and four will receive a decrease.

Table 1: Changes in proportional regional allocations for 2017-2019, as compared to 2014-2016

Region	Proportional allocation for 2014-2016	Proportional allocation for 2017-2019	Change in proportional allocation
East Africa	21.0%	22.1%	+ 1.1%
Southern Africa	15.1%	22.2%	+ 7.1%
West and Central Africa	20.6%	19.7%	– 0.9%
Middle East and North Africa	8.3%	5.7%	– 2.6%
South Asia	10.7%	10.9%	+ 0.2%
Latin America and the Caribbean	3.5%	2.0%	– 1.5%
Eastern Europe and Central Asia	4.7%	2.4%	– 2.3%
East Asia and the Pacific	8.3%	8.9%	+ 0.6%

We do not yet know what the actual dollar amounts will be for each country for 2017-2019; The Global Fund is expected to announce these envelopes by the end of 2016. The amounts will depend, of course, on how successful the Fifth Replenishment is. The Global Fund has set a target of $13 billion. Secondly, the change in dollar amounts from the last cycle to this one will vary depending on levels of existing in-country funding. Existing funding was included in the 2014-2016 allocation totals.

The biggest shock will be felt be the EECA region, where proportional Global Fund investment will shrinkby nearly half. The expectation is that countries in this region can and should be funding their diseaseprograms by themselves to a greater degree. But, many have argued that transitions from Global Fundsupport to domestic reliance in the region have not been managed responsibly. “In five years’ time, tenyears’ time, someone will need to start from scratch,” warns Anna Dovbakh, with the Eurasian HarmReduction Network. “You can’t transition at the snap of a finger.” The EECA position document for the HLM echoes these sentiments.

Compounding the transition anxiety in EECA, a new global update release by UNAIDS in advance of the High Level Meeting (HLM) in New York shows that the number of new HIV infections in the EECA region grew by an alarming 57% between 2010 and 2015. This is in the context of (slightly) decreasing incidence, globally, over the same time period. The EECA region also has the highest rates of MDR-TB in the world. The growing disease burden, paired with tapering Global Fund investment, has many people predicting a looming crisis for the region.

The only other region in the world where new HIV infections are on the rise is in the Middle East and North Africa (MENA) (albeit by a much smaller proportion than in EECA). Here, too, the Global Fund will shrink allocations for the next three years.

In a recent survey conducted by the International Treatment Preparedness Coalition in the MENA region (ITPC-MENA), 47% of civil society organizations report reliance on The Global Fund to run the bulk of their programs. According to Mohamed Msefer, ITPC-MENA’s Regional Director, the new allocation methodology could spell disaster for an already struggling local civil society, especially groups representing key populations. “We observe that in Algeria and Mauritania, individuals from key populations refuse to run for elections in CCMs [country coordinating mechanisms] from fear of stigmatization, even legal trouble. In Algeria we have observed a serious lack of cooperation between civil society groups,” Msefer told GFO. “This decrease from the Global Fund will make it that much harder to achieve progress in a region already beset by stigmatization and criminalization of key population, war, conflict, and massive migration.” ITPC-MENA is the host of the regional platform for communication and coordination for the MENA region, as part of the Global Fund’s Community, Rights, and Gender special initiative.

(All of these figures in this article refer to initial allocations. Qualitative adjustments to the initial allocations could result in some minor changes to how the allocations break out.)

Information in this article comes from a presentation delivered by the Global Fund at the Experts Group Meeting of Communities & Civil Society on The Global Fund Strategy 2017-2022, hosted by the Communities Delegation and GNP+ on 10-11 May, in Amsterdam. A copy of this presentation is available from the author on request (gemma.oberth@gmail.com). A copy of the ITPC-MENA survey is available on request from ITPC-MENA Regional Director, Mohamed Msefer (mohamed.msefer@itpcmena.org).

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