



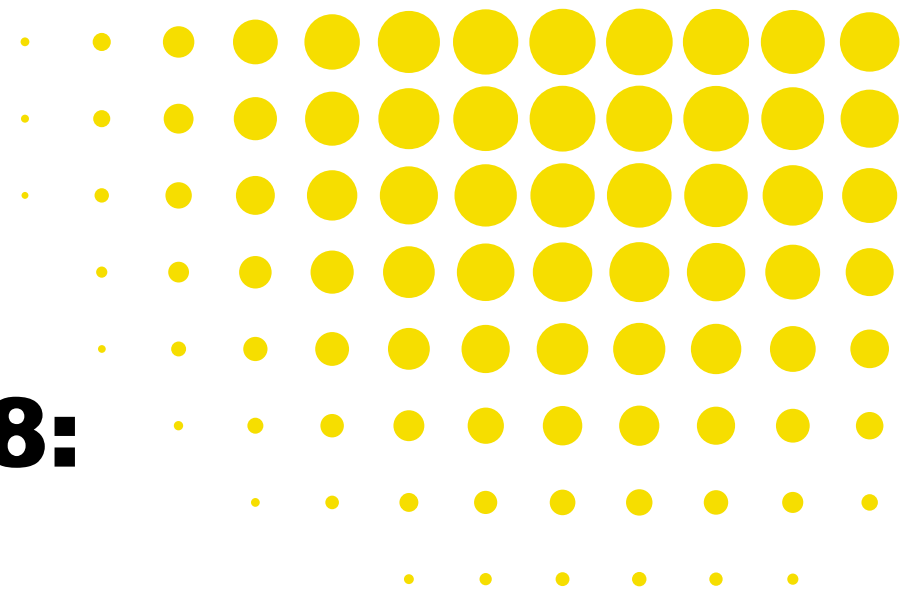
# **Review of Allocation Methodology for Grant Cycle 8: Background, Evaluation Response and Workplan**

51<sup>st</sup> Board Meeting

For Board Input

GF/B51/12

22 – 24 April 2024, Geneva, Switzerland





# Allocation Methodology Background

# Objectives of Grant Cycle 7 Allocation Methodology

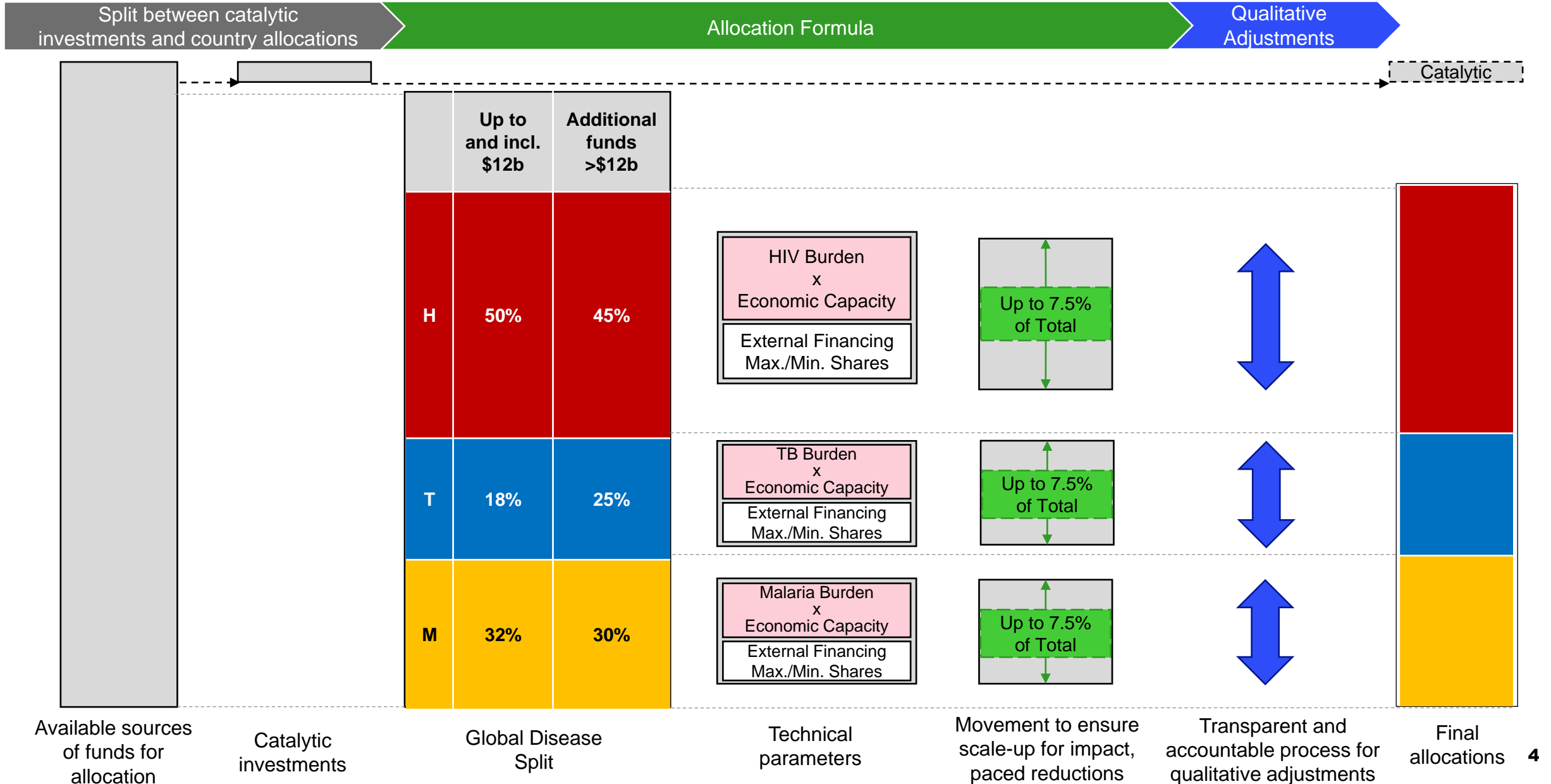
GF/B47/03, 11-12 May 2021

Maximize the impact of available resources by focusing funds on the countries with the highest disease burden and lowest economic capacity, while accounting for key and vulnerable populations disproportionately affected by the three diseases.

*In addition, the Grant Cycle 7 (GC7) Allocation Methodology aimed to:*

- Support delivery of the “Global Fund Strategy (2023-2028)”
- Provide countries with predictable financing through an approach that is simple and flexible

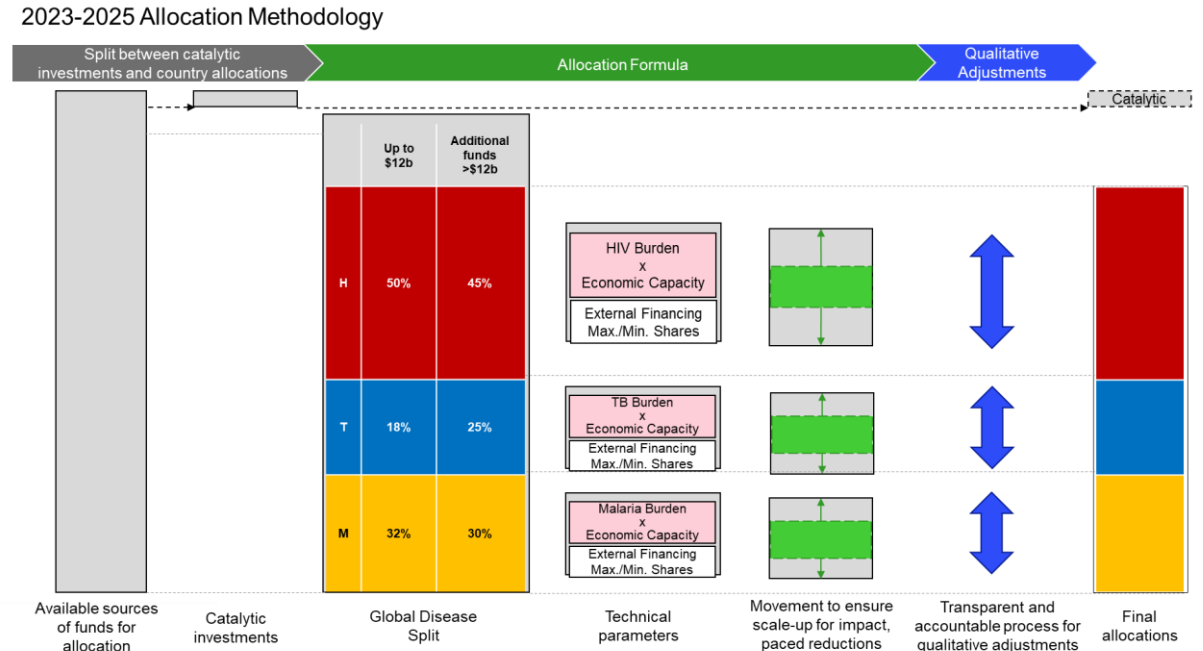
# Key steps of the GC7 Allocation Methodology



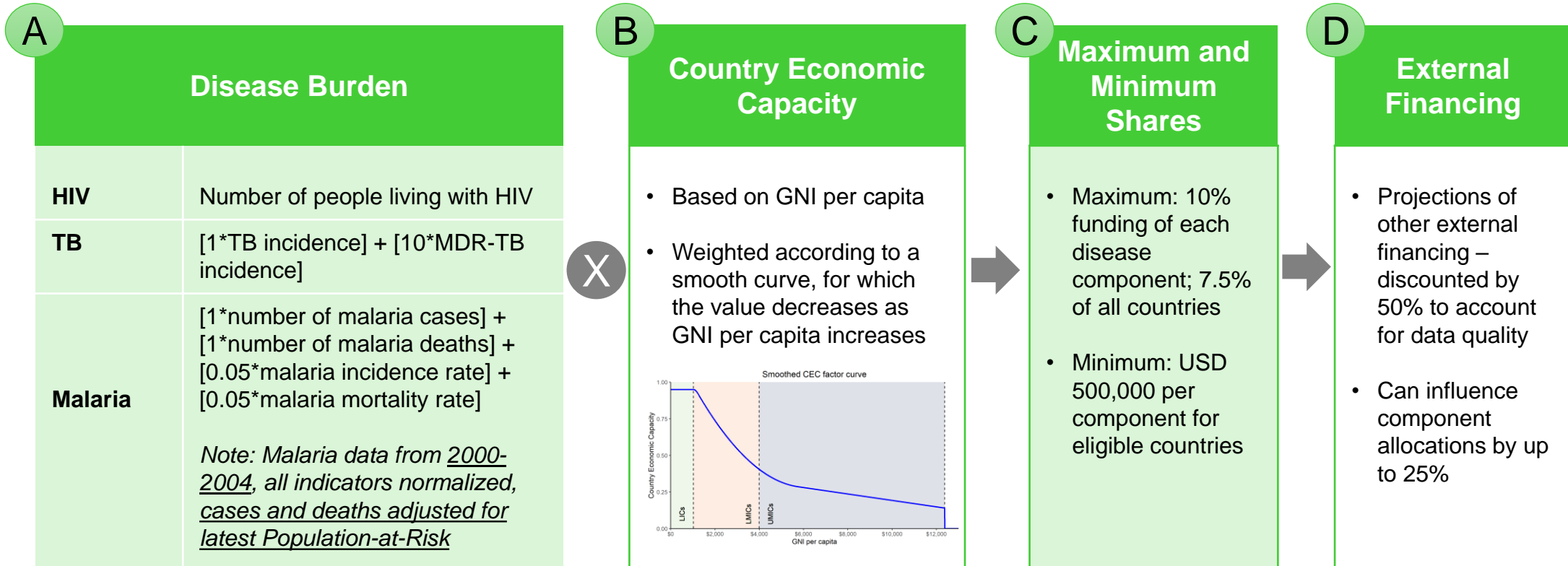
# What is the Global Disease Split?

- The Global Disease Split (GDS) determines the overall distribution of resources across diseases in the Allocation Methodology.
- Allocations are communicated to countries with an indicative split across eligible diseases, which is *not* the same as the upfront Global Disease Split.
- Countries have the flexibility to request changes to the indicative split when they submit funding requests. This flexibility is key to enable countries to adjust their indicative disease allocations as needed, based on a robust process.

*After the upfront split, every step of the allocation methodology is applied within disease to maintain the global disease split*



# What are the technical parameters of the allocation formula?



# What is the Qualitative Adjustments (QA) approach?

## Stage 1

Refining for epidemiological contexts

### Adjustment of HIV allocations by accounting for the needs of key populations

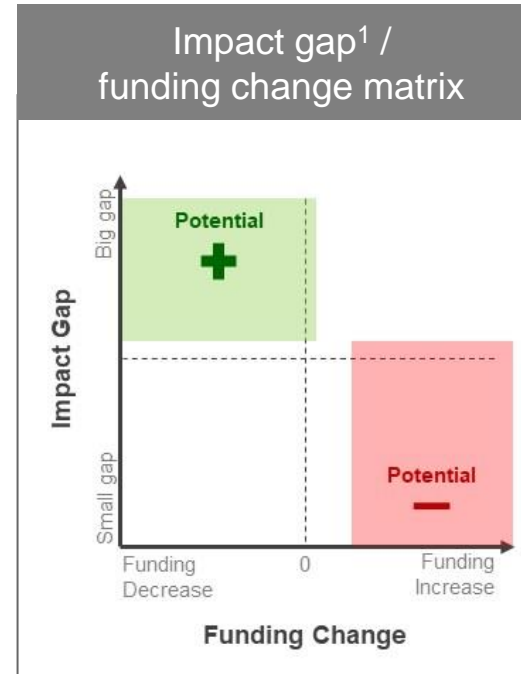
Upward adjustment to account for key populations in <2% prevalence settings, based on 4 categories

Funds taken from countries with  $\geq 2\%$  general prevalence\*

*\*except those with increase in incidence rate, which are excluded from adjustment*

## Stage 2

One comprehensive adjustment considering key epidemiological, programmatic and other relevant factors to account for effectiveness and need



### Key contextual factors

- Program performance
- Absorption
- Coverage gaps
- Cost of essential programming
- Economic capacity and other Sustainability, Transition and Co-Financing considerations
- Incidence and mortality trends
- RSSH
- Challenging Operating Environments

<sup>1</sup> Gap to achieving the impact targets set out by the global plans of technical partners in line with Sustainable Development Goal (SDG) 3.

### Supportive Information

**Applied through a transparent and accountable process:**

- Strategy Committee (SC) approves QA factors and process.
- Secretariat applies the adjustments and reports all changes and rationale to the SC. Changes greater than \$5m and 15% are reported to the Board.

# The allocation methodology has been reviewed and refined every cycle to better deliver its objectives

2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028

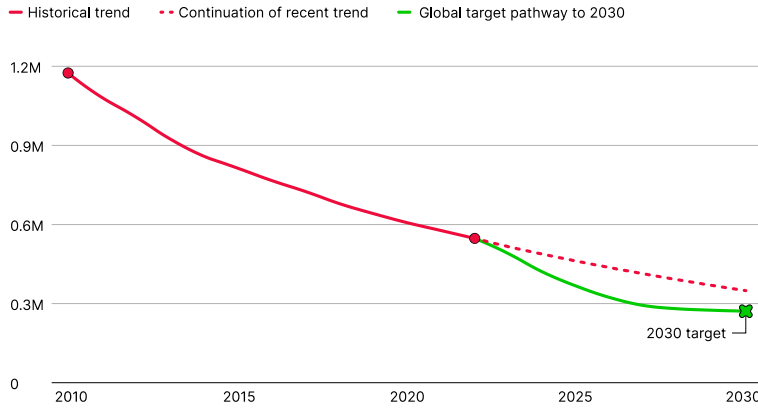
Grant Cycle 4	Grant Cycle 5	Grant Cycle 6	Grant Cycle 7	Grant Cycle 8
<p>Model developed to achieve greater impact by funding in line with highest burden and lowest economic capacity</p>	<p>A number of refinements made to the model to deliver impact in line with Strategy, correct problems, and improve flexibility, simplicity</p>	<p>Key updates:</p> <ul style="list-style-type: none"> <li>• Malaria burden indicators updated to account for population growth</li> <li>• Qualitative adjustment factors refined</li> <li>• Catalytic investments linked to funding scenarios to ensure sufficient scale-up in country allocations</li> </ul>	<p>Key updates:</p> <ul style="list-style-type: none"> <li>• Global disease split revised considering latest evidence</li> <li>• Scale-up and paced reduction step refined to be better suited at different funding levels</li> <li>• Catalytic investments evolved to deliver new Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Approaching 2030 timeline to achieve SDG goals</b></li> <li>• <b>Support the delivery of the second half of the Strategy</b></li> <li>• <b>Review latest context and challenges to inform any potential adjustments</b></li> </ul>



# Context: All three diseases are off-track to meeting the SDGs, particularly TB and malaria

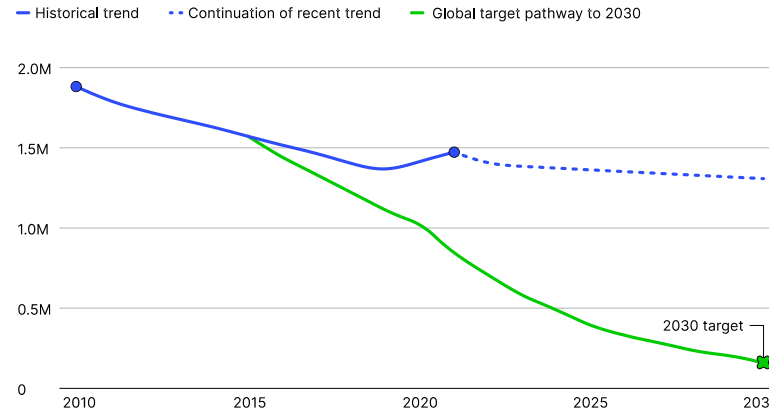
## AIDS-related deaths: progress towards the UNAIDS target

In countries where the Global Fund invests



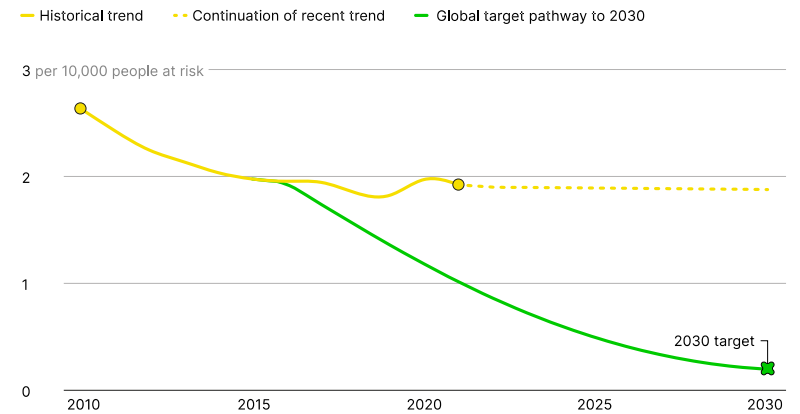
## TB deaths: progress towards the WHO target\*

In countries where the Global Fund invests



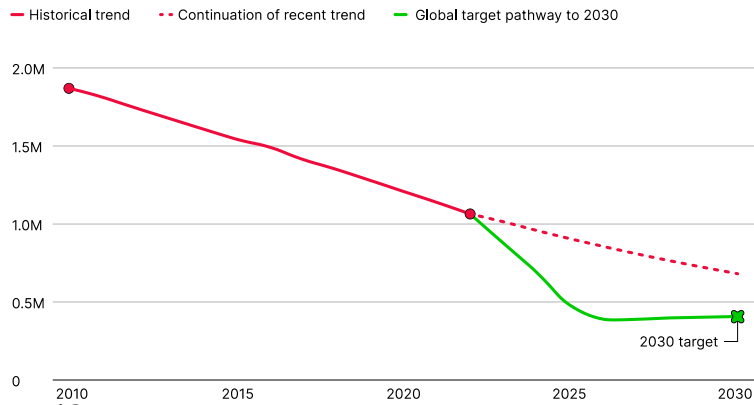
## Malaria mortality rate: progress towards the WHO target

In countries where the Global Fund invests



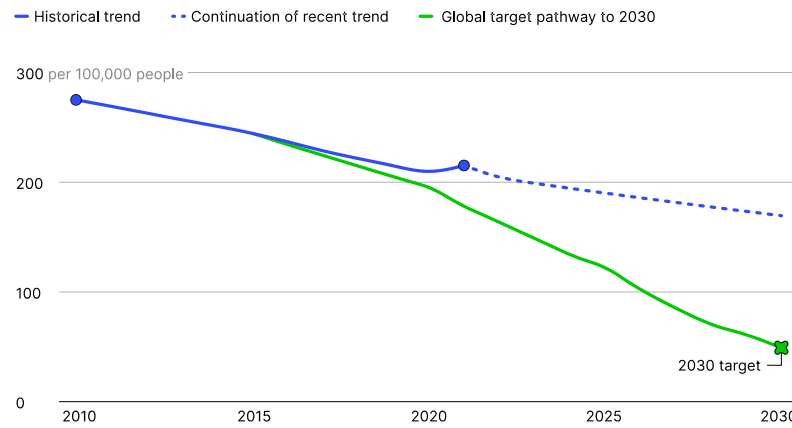
## New HIV infections: progress towards the UNAIDS target

In countries where the Global Fund invests



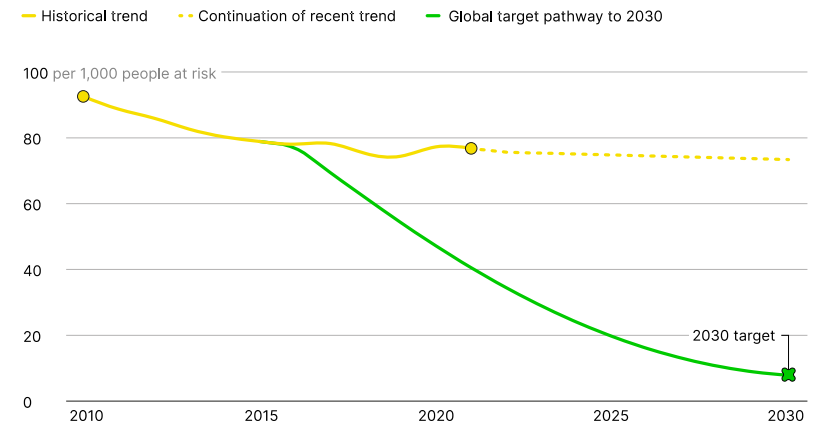
## TB incidence rate: progress towards the WHO target

In countries where the Global Fund invests



## Malaria incidence rate: progress towards the WHO target

In countries where the Global Fund invests



# Context: what has changed since the last allocation review?

- **Challenging global funding landscape.**
- **Debt and unprecedented fiscal pressure, population growth and conflict** – particularly in lower-income countries where disease burden is high.
- Increasingly **complex malaria response** due to climate change and drug/insecticide resistance. **New and more effective technologies** have been introduced to fight malaria, with further ones in the pipeline.
- **Growing and ageing treatment cohort for HIV; erosion of human rights** in many countries affecting access to life-saving services.
- **Momentum in TB programmatic scale-up**, partly due to COVID-19 Response Mechanism (C19RM) investments in lab infrastructure and tests.
- **Significant price reductions in key health products** for all three diseases.
- **Wide-ranging views on a Resilient and Sustainable Systems for Health (RSSH) allocation** and expectations on what this would deliver. Also, important sustainability challenges on RSSH funding with C19RM scheduled to end in December 2025.
- **Independent evaluation on the allocation methodology**, focusing on the Global Disease Split review and the pros/cons of introducing an RSSH allocation.

*The Allocation Methodology plays a role in delivering the Strategy and responding to the external environment, but it is only one of many Global Fund levers.*

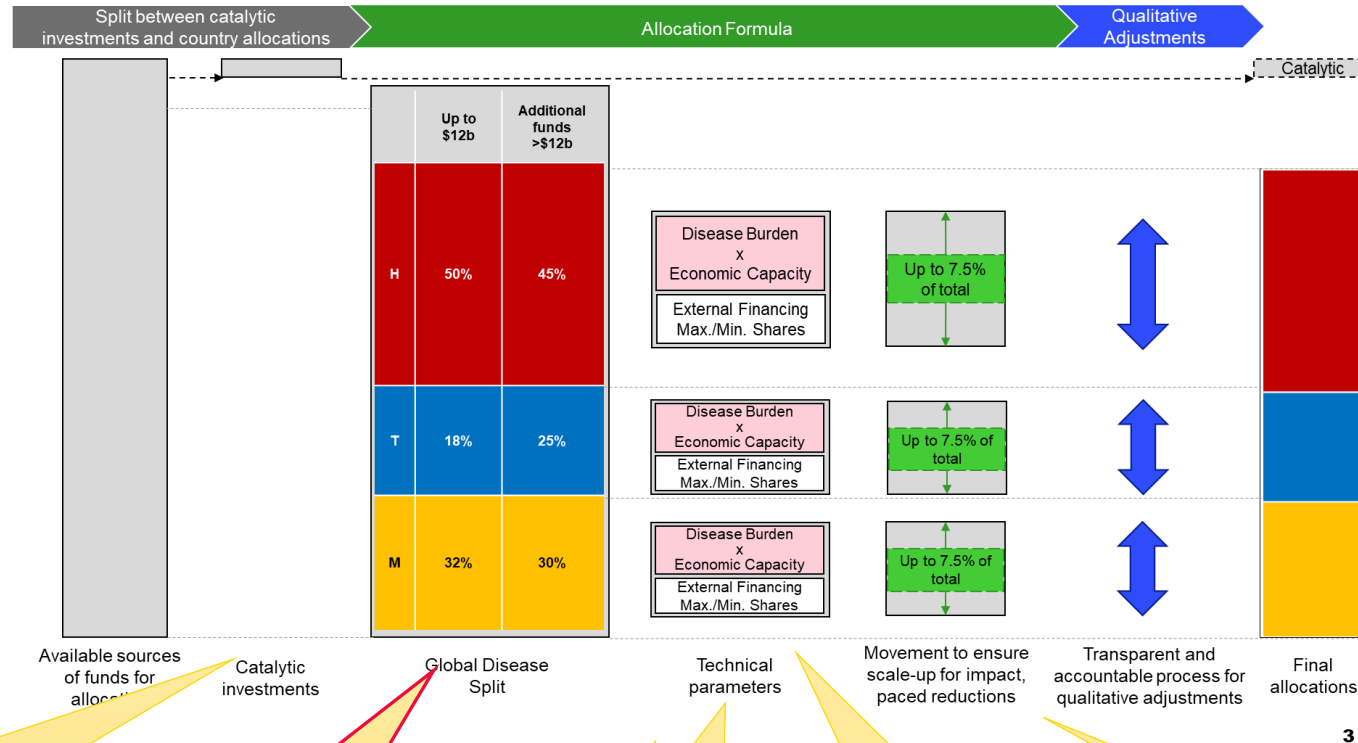


# **Secretariat Management Response to the Evaluation and Workplan for Grant Cycle 8**

# Secretariat Management Response

- The Secretariat **welcomes the evaluation report** and appreciates the independent acknowledgement that many aspects of the Allocation Methodology are working well, as well as the recognition of the constant willingness to review, challenge, and improve the methodology.
- **Many of the evaluation's recommendations are to continue current approaches**, which in our view signifies confidence in the Allocation Methodology.
- **On the Global Disease Split (GDS), the Secretariat agrees with the recommendation to keep an upfront split** in the Allocation Methodology. The evaluation also recommends that the GDS be revised in favor of TB to better align with the epidemiological context. However, there is no recommendation on whether the increased share for TB should come from HIV, malaria, or both.
- The evaluation concludes that **creating a fourth share for RSSH in the upfront split of the Allocation Methodology is not recommended**, which the Secretariat agrees with given the identified risks and challenges.
- Rather, the report recommends that the allocation letters include a percentage of each country's allocation to be dedicated to RSSH, and more directive messaging on RSSH priorities. The Secretariat recognizes the need to strengthen RSSH investments, agrees that both options should be considered to improve the impact of RSSH investments in GC8, and **agrees that all available levers should be explored** so that the most appropriate measures are taken forward to increase RSSH impact.
- The Secretariat will consider the findings and recommendations as part of the cyclical review of the Allocation Methodology in preparation for Grant Cycle 8 (GC8), including to inform consultations with technical partners, the Strategy Committee and Board.
- The Secretariat appreciates the **strong collaboration with the ELO** on this second review conducted under the new independent evaluation function.
- The Secretariat **broadly endorses the key findings** and the high-level conclusions from the report and **partially agrees with the recommendations**, and **endorses the publication** of the report, along with the IEP Commentary.

# Given the evaluation findings and changing context, we propose to focus the allocation methodology on the following areas



Given potentially constrained resources and current challenges, reshape and sharpen the focus of catalytic investments

Review Global Disease Split; assess pros and cons of RSSH allocation

TB burden indicator: review 10:1 weighting as MDR costs have dropped

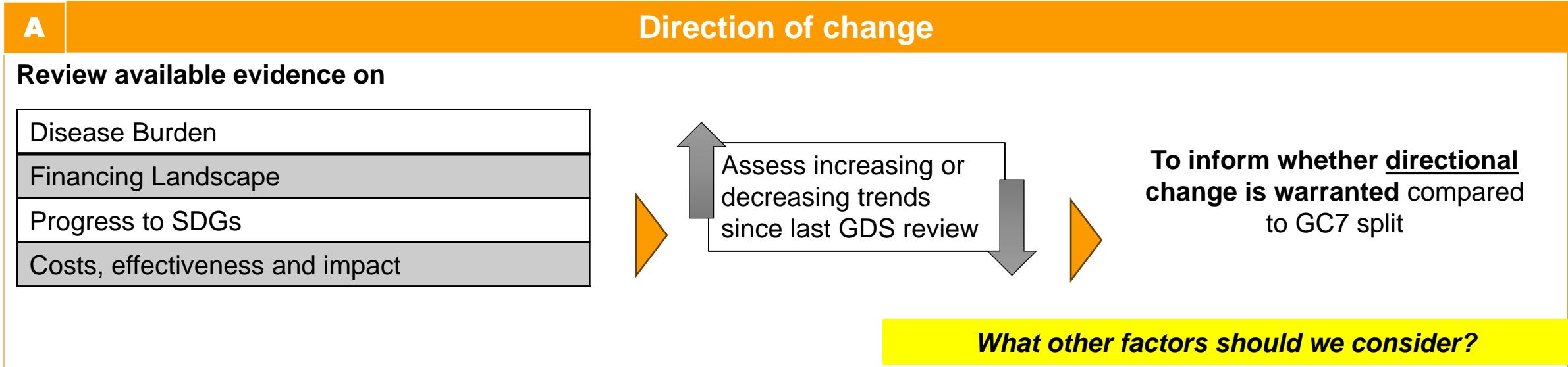
Malaria burden indicator: with reversed malaria trends in many countries due in part to climate, resistance and conflict, review historical burden rationale

With potentially constrained funding and LICs disproportionately affected by debt, pop growth etc., does this warrant shifting more funding to lower income countries? By shifting the CEC curve? And/or reducing funding for countries nearing transition?

Given significant C19RM investments in RSSH (and TB to some extent), should the allocations account for this, and if so, how?

Building on the independent evaluation findings

# Global Disease Split: Proposed approach for the review



**B** Degree of change

Determine if/by how much the split could change given current Global Fund investments and funding scenarios

- Prioritize preserving continuity of services – “do no harm”
- Determine the rate(s) of increase (based on appropriate rate(s) of decrease)

**C** Levers and Context

Consider all levers and the broader context that affect the overall funding to diseases

- Levers – leveraging domestic funding, program split flexibility, country dialogue
- Bigger picture – sustainability, replenishment dynamics

Next steps for 2024	<b>Before July</b> GDS consultations with technical partners to gather additional information and considerations on the needs for each disease	<b>July SC25</b> GDS discussion and review of evidence – for SC input	<b>October SC26</b> GDS – for SC recommendation to the Board	<b>November B52</b> GDS – For Board Decision



# RSSH: Considering all levers to increase the impact of GF investments

## An RSSH allocation is:

### Allocation Methodology

- An amount of GF resources committed to all or a selection of eligible countries;
- Applied to meet the aims of the allocation methodology and driven by clear principles;
- For direct RSSH only, because contributory RSSH is defined as disease investments that strengthen RSSH;
- Driven by the equivalent of a burden metric which is rigorous, relevant to our mission, up-to-date and available in all countries;
- Arrived at formulaically and adjusted in QA, or determined in QA, aligned to SC approvals; and
- An RSSH amount communicated to countries in the allocation letters.

## Without an RSSH allocation, the GF can use other levers to increase impact, including:

### Allocation Letter

- Previous and/or recommended RSSH funding levels
- Recommended RSSH priorities
- Recommended implementation arrangements
- Required co-financing
- Required integrated approach to funding requests
- Differentiated approach with more prescriptive messaging for RSSH priority countries

#### Grant Cycle 7 Allocation Letters

For RSSH priority countries, the GF "...expects the country to maintain or increase its RSSH and pandemic preparedness (PP) investments and would suggest a focus on the following priority areas..."

All other countries, the GF "... recommends that the level of country investment in RSSH be maintained where appropriate and increased where possible"

### CCM

Strengthen CCM's for better RSSH oversight, improve implementation arrangements to better deliver, and to ensure technical assistance (TA) arrangements are fit-for-purpose

### Grant Reporting

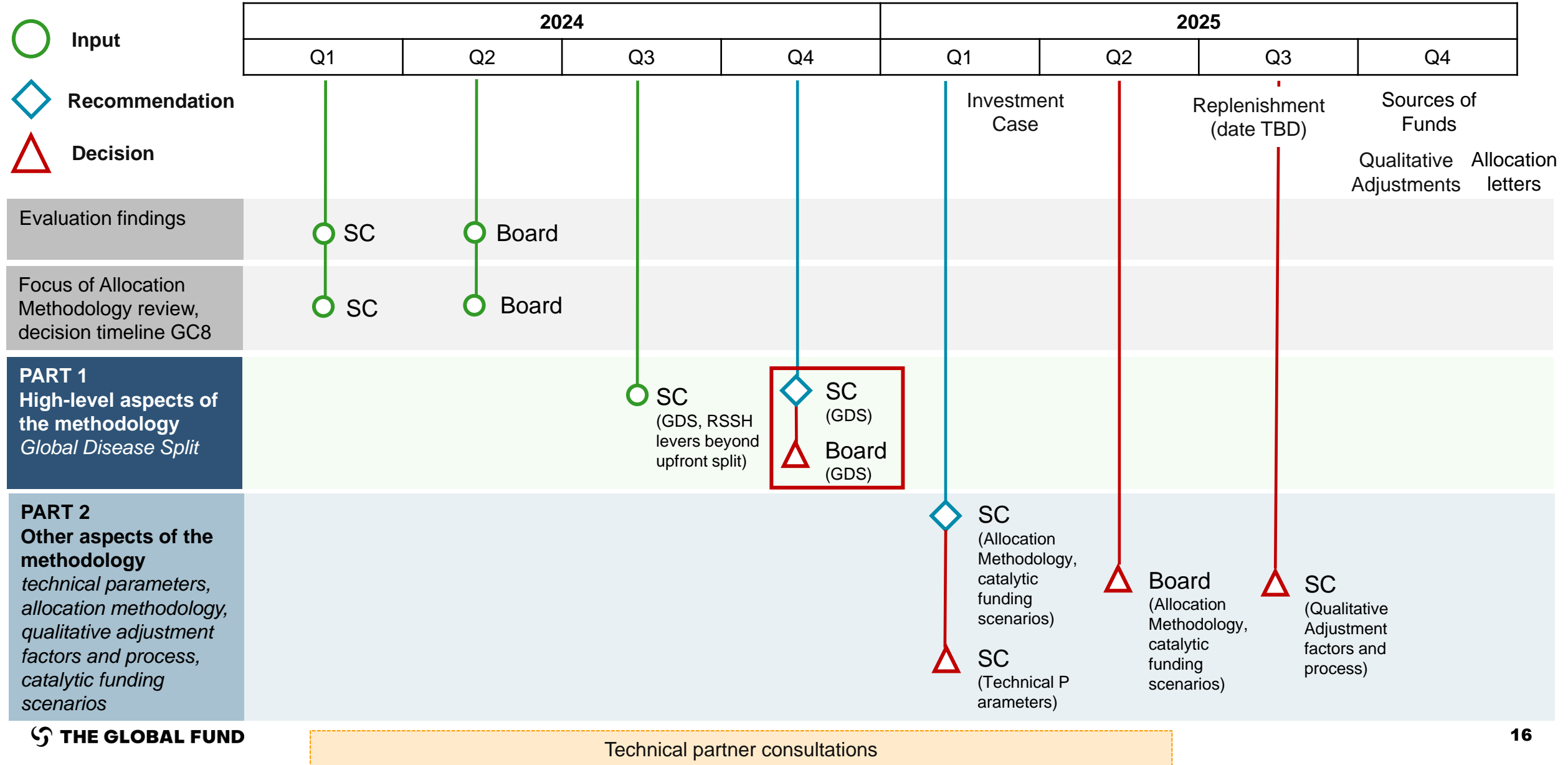
Strengthen tracking and accountability of investments throughout grant lifecycle

Next step for 2024

July SC25: Discussion on options to increase the impact of RSSH investments – for SC input

# High-level decision-making timeline

## Allocation Methodology GC8





# Questions for the Board

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- Does the Board have questions or comments on the allocation methodology evaluation?
- Does the Board agree with the proposed focus of review for the GC8 allocation methodology?
- Does the Board agree with the proposed approach to the Global Disease Split review? What additional factors should we consider?
- Does the Board agree to explore all levers to expand RSSH impact outside of an allocation?
- Does the Board agree with the decision-making timeline?