

Allocation Methodology¹ 2023-2025

1. **Allocation Period:** The three-year period, aligned to each replenishment period, over which eligible applicants may apply for funding and the Board may approve such funding for grant programs.
2. **Implementation of Grants:** While the allocation period will be aligned with the replenishment period, the planning and implementation of grants will be aligned with country planning cycles. The standard period of Global Fund financing for an applicant will be three years, subject to flexibility where deemed appropriate by the Secretariat.²
3. **Apportioning Available Resources:** Prior to each allocation period, the Board will approve the total amount of available sources of funds for allocation based on the recommendation of the Committee responsible for financial oversight. From such amount, the Board may approve:
 - a. Amounts for catalytic investments, as described further in paragraph 6 below; and
 - b. Amounts to be included as part of the available sources of funds for country allocations to ensure scale up, impact and paced reductions in funding as described in paragraph 4.c below.

The Secretariat maintains flexibility to move funds for catalytic investments to available sources of funds for the purposes described in paragraph 3.b. above and will notify the Board accordingly.

4. **Country Allocations:** The Board will approve the amount of available sources of funds for country allocations, which will then be allocated according to the approach outlined below:
 - a. **Global Disease Split:** While applicants have flexibility in deciding how to allocate financing among their individual component programs, prior to the initial allocation of available sources of funds for each allocation period, the Secretariat will apportion such resources among the three diseases based on the following distribution:
 - i. Amounts up to and including US\$ 12 billion:
 - a. HIV/AIDS: 50%;
 - b. Tuberculosis: 18%; and
 - c. Malaria: 32%.
 - ii. Additional amounts above US\$ 12 billion:
 - a. HIV/AIDS: 45%;
 - b. Tuberculosis: 25%; and
 - c. Malaria: 30%.
 - b. **Allocation Formula:** The formula for allocating available sources of funds to eligible country components will be based on each country's economic capacity (measured by GNI per capita) and disease burden (following consultation with technical partners). These indicators for the

¹ As approved at the forty-seventh Global Fund Board Meeting (10-12 May 2022) Decision Point GF/B47/DP05.

² Justifications for variations from the three-year standard will be provided to the Board as part of the Secretariat's grant approval requests.

allocation formula will be recommended by the Secretariat as part of the following allocation-formula parameters that the Committee responsible for oversight of strategic matters will assess and approve prior to each allocation period:

- i. Indicators for disease burden and country economic capacity;
 - ii. Maximum and minimum shares for the allocation; and
 - iii. External financing adjustment.
- c. **Formula-Derived Allocation:** After making the global disease split, the Secretariat will apply the allocation parameters to apportion a share of the available sources of funds for country allocations to each eligible country component based on the shares produced by the allocation formula to obtain the initial calculated amount. The Secretariat will have flexibility to apportion the funding described in paragraph 3.b. above to ensure scale up, impact and paced reductions in funding across the portfolio, and be guided by the following initial approach to obtain the formula-derived allocation:
- i. Each eligible country component, which had a previous funding level below its initial calculated amount, will receive a funding level that is at least the midpoint between its initial calculated amount and its previous funding level;
 - ii. Each eligible country component, which had a previous funding level above its initial calculated amount, will receive a reduction of at least 10--percent from its previous funding level³; and
 - iii. Previous funding level represents allocations from the previous allocation period.
- d. **Qualitative Factors:** The Secretariat may further adjust formula-derived allocations, to account for specific circumstances in each eligible country component, under the oversight of the Committee responsible for strategy matters.
- i. Prior to each allocation period, the Committee responsible for strategy matters will approve the qualitative factors and the method for how they are applied, as well as oversee the adjustment process by the Secretariat; and
 - ii. Any adjustment greater than 15 percent of an eligible country component's formula-derived allocation and greater than USD 5 million shall be reported to the Board through the Committee responsible for strategy matters.
5. **Reallocation of Sources of Funds:** Upon confirmation by the Committee responsible for financial oversight, the Secretariat may conduct a strategic reallocation of available sources of funds according to the following parameters:
- a. Sources of funds that are additional to the amount initially allocated to eligible country components shall be reallocated to prioritized and costed areas of need identified and registered as unfunded quality demand, in accordance with a prioritization developed by the Secretariat and approved by the Committee responsible for strategy matters; and
 - b. All reallocations of available sources of funds to grant programs shall be recommended by the Secretariat to the Board for approval.

³ Where the initial calculated amount is greater than 90% of previous funding, the formula-derived amount will be the initial calculated amount.

6. **Catalytic Investments:** As described in paragraph 3.a, based on the recommendations of the Committee responsible for strategy matters, the Board may approve amounts to finance catalytic investments in priorities necessary to maximize impact and use of available funds, that are unable to be addressed through country allocations alone yet critical to deliver the Global Fund strategy. The Committee responsible for strategy matters will review the type of priorities, activities or initiatives to fund as catalytic investments, along with associated costs, prior to each allocation period, in consultation with the Committee responsible for financial oversight with respect to the available amount of sources of funds for allocation, and present recommendations to the Board for approval.