

## **Frequently Asked Questions – Allocation Amounts**

*(More information available in the Overview of the Allocation Methodology, and also in the Resource Book for Applicants)*

### **1) How much money is available for 2014-2016?**

A total of US\$14.82 billion has been allocated directly to countries for 2014-2016, including new and existing funds. In addition, there is US\$950 million of incentive funding to be allocated for ambitious programs, as well as US\$200 million for new regional grants, US\$100 million for special initiatives, as well as other special categories. The total amount available for countries is \$16 billion. But more than half of that – US\$9 billion – is already in the pipeline of existing grants. With limited funds, everyone has to make investment choices carefully and strategically, and think about impact.

### **2) How were allocations calculated?**

Allocations were calculated based on two large factors: disease burden and national income level. Other qualitative factors were considered as well, to a lesser degree.

### **3) Why are some countries getting less money than they expected?**

With the large pipeline of existing grants, some countries may not receive an allocation as high as they hoped. Some countries may not see any increases at all, over their existing funds for 2014-2016. Other countries are getting significantly higher allocations than they got in the past.

Almost every country fighting HIV, TB and malaria is “under-funded” to some degree. People in those countries understandably want to see larger allocations.

The Global Fund is encouraging countries to see how to best fit allocation amounts with national health strategies and national strategic plans and to engage in ambitious planning to optimize the use of funding from all sources. The allocation model is the best way to address global challenges collectively. That does not mean that every country gets more funding; it means that funds are allocated for maximum impact globally.

### **4) What are country bands?**

The country bands are four groupings of countries based on two features: whether their gross national income (GNI) is above or below US\$2,000 per capita; and whether the composite measure of their disease burden is above or below a Board-designated level.

## **5) How are country bands divided?**

As follows: Band 1 – below US\$2,000 GNI, above disease burden threshold  
Band 2 – below US\$2,000 GNI, below disease burden threshold  
Band 3 – above US\$2,000 GNI, above disease burden threshold  
Band 4 – above US\$2,000 GNI, below disease burden threshold

## **6) How much money is going to each band?**

Band 1 – US\$11.2 billion  
Band 2 – US\$915 million  
Band 3 – US\$1.5 billion  
Band 4 – US\$1.1 billion

## **7) How exactly are country allocation amount calculated?**

For bands 1, 2 and 3, the allocation methodology generates a country allocation amount. Adjustments are made for qualitative factors, such as previous grant performance, impact, increasing rates of infection, absorptive capacity, and risk.

For band 4 – countries with lower disease burdens and higher income levels – a separate methodology is used to determine allocations. It recognizes special circumstances, such as concentrated epidemics and small island economies. In addition, it sets an amount based on the total population size of a country, rather than disease burden. Part 4 of the Overview of the Allocation Methodology outlines a range from a minimum of US\$1.28 million to US\$10.3 million for a population of 5 million people.

Band 4 countries are not eligible for incentive funding.

## **8) What is the Minimum Required Level (MRL)?**

The MRL is a parameter of the allocation methodology that honors past Global Fund commitments and is designed to ease the transition to the new funding model. It is used in the allocation formula to calculate the allocation amount before adjustments for qualitative factors. The Global Fund may reduce a country below its MRL using qualitative factors. The MRL is the basis for further reductions.

The MRL is defined as the greater of the following:

- A 25 percent reduction of disbursements between 2010-2013
- Existing funding

### **9) What is “existing funding”?**

Existing funding for a country is the value of signed and unsigned grants that have been approved but remained undisbursed as of 31 December 2013.

### **10) How can a country’s allocation be completely absorbed by existing funding?**

If a country’s existing funding is larger than the amount calculated through the allocation-based model, it may receive an allocation amount that is equal to its existing funding. Still, the new funding model provides an opportunity to critically re-evaluate program activities to increase strategic impact. To encourage strategic reprogramming, the Global Fund is exploring ways to streamline reprogramming and requirements for those countries that receive country allocations at existing grants pipeline level.

### **11) What is an “over-allocated” country and an “under- allocated” country?**

“Over-allocated” and “under-allocated” refer to a country’s allocation relative to what the amount would be if it were based only on disease burden and ability-to-pay. If a country is receiving more than what the disease burden and ability-to-pay calculation would indicate (once adjusted for external financing), then it is considered “over-allocated.” Similarly, if a country is receiving less, it is considered “under-allocated.”

It is important to note that being “over-allocated” does not mean that a country has too much funding, or even enough funding to use well. In fact, many “over-allocated” countries have large funding gaps in their programs. Rather, “over-allocation” refers to an appropriate share of the resources available.

### **12) The Global Fund raised US\$ 12 billion in its most recent replenishment, so why are adjustments being made downward in some country allocations?**

It is accurate to say that the Global Fund launched its most successful replenishment ever, with commitments of US\$12 billion made in December 2013. There is an additional US\$5.5 billion carried forward from the previous period. However, against those amounts there are existing grant commitments totaling US\$9 billion. It is important to understand that the amount allocated to a country for the 2014-2016 period includes the money that was already approved and not yet disbursed, as well as the opportunity to apply for additional funding.

As a result, some allocation amounts may not be as high as those countries may have hoped. Some countries may not see any increases in funding over their existing funds. Other countries are getting significantly higher allocations than they got in the past.

As the Global Fund Board decided to transition to an allocation-based model, it specifically decided to: (a) take into consideration the existing funding pipeline; and (b) maintain

sustainable rates of spending at the portfolio and the country level while preserving operational flexibility to structure appropriate periods and uses of funding.

That means that it will take time to reshape the portfolio along the principles of the new funding model – increasing funding to the highest burden countries with the least ability to pay. During 2014-2016, there are country-level disease components that will receive more than the amount than they would receive under the allocation-based formula, due to large existing funding pipelines. By the next replenishment period, there will be fewer over-allocated countries as we transition the portfolio. By that point we will not need to take existing funding into account as we do in the current 2014-2016 replenishment period.

**13) Can a country appeal the level of its allocation?**

No, there is no scope for revising the allocations.

**14) What if a country gets a zero allocation, even though they are eligible?**

The Global Fund eligibility list has been published for 2014 and is based on globally-shared data on disease burden and World Bank records on gross national income. That list denotes eligibility for funding from the Global Fund but does not guarantee a minimum value of allocation.

Where a country has received a zero or reduced allocation the basis of that decision was set out in the letter to the Country Coordinating Mechanism on 12 March 2014.

**15) Why does the new funding model encourage countries to submit ambitious proposals if it cannot fund them fully?**

Defeating HIV, TB and malaria is a global effort. Everyone has to be ambitious in order to succeed, and everyone has to figure out how to best employ funding from all sources, as a collective effort. The new funding model encourages strong country dialogue as the driver of decision-making on how to best achieve that.

**16) Do countries need to submit a concept note if they only receive their existing funding, or slightly more?**

For countries that receive country allocation amounts equal to or slightly above their existing funding, the new funding model is an opportunity to critically re-evaluate program activities to increase strategic impact. The Global Fund will consider a simpler concept note submission and review process in those cases.

**17) When are the funds available?**

Country allocation amounts are available now. Countries may request funding at a time that meets their national schedules.

**18) What is the duration of funding?**

The duration of a grant is flexible. We expect the process of accessing funds to take less than one year on average, including country dialogue, concept note development, review by the Technical Review Panel and Grant Approvals Committee, grant-making and Board approval.

While a typical grant is for three years, the Global Fund can work with countries to be flexible on timing, and to significantly shorten the timeline to maximize impact. The timeline will be determined based on multiple factors including: ambition to achieve increased impact and sustain gains; whether a country has been relatively under-allocated or over-allocated; and alignment with national plans and schedules. Country dialogue will be the main mechanism to determine the optimal grant duration.

Grants must be signed by 31 December 2016 in order to keep the allocated funding. The last date for submitting concept notes in this allocation period is 15 April, 2016, to allow time for review and grant-making. Funds that have not been signed into grants by this point will be counted as unallocated funds for the next replenishment period.

**19) The Eligibility List is updated annually. How will that affect an allocation for a country that becomes eligible or ineligible during the allocation period?**

Eligibility is determined by a country's income level and official disease burden data provided by technical partners. A country or component that becomes eligible during an allocation period may receive an allocation only after being newly eligible for two consecutive eligibility periods. A country or component that becomes ineligible during an allocation period before accessing their funding allocation will not forfeit their allocation. However, the Global Fund may adjust the level of funding.

**20) What is “counterpart financing” and “willingness-to-pay”?**

It is critical that the government in every nation facing HIV, TB and malaria should increase, sustain and grow their resources to fund national disease programs and their health sectors in order for these programs to be sustainable in the long run. The Global Fund's ability to allocate funding to countries is far from sufficient to address the full cost of fighting the three diseases and to strengthen health systems.

All programs supported by the Global Fund should comply with the counterpart financing requirements by: (a) meeting the minimum threshold contribution; (b) increasing government

contributions to the national disease programs and the health sector; and (c) ensuring reliable data is available to measure government spending.

In the new funding model, 15 percent of a country's allocated funding can be accessed only once a government has made a willingness-to-pay commitment, and the amount will be determined in country dialogue.

**21) Does “willingness to pay” apply to the whole allocation?**

The willingness to pay commitment applies to the total country allocation amount. Fifteen percent of the total country allocation amount, including both existing and new funding, can be accessed only by demonstrating increased willingness to pay. A more flexible approach may be adopted in instances where more than 85 percent of the allocation is comprised of existing funding.

**22) If a country is allocated only existing funding, does it still need to demonstrate willingness to pay in order to access 100 percent of its allocation?**

Government contributions to the programs supported by the Global Fund must meet the minimum threshold requirements and should be increasing over time. These are mandatory requirements for Global Fund support.

Willingness to pay commitments are based on additional government investments beyond minimum counterpart financing requirements. In instances where the country allocation is equal to existing funding, the requirement to make additional government investment will be applied flexibly. If such countries have undergone recent grant renewals or interim funding processes the approach to government investments during country dialogue is to “firm up” and increase government commitments provided through the funding requests or subsequent national plans

**23) How much incentive funding is available?**

For Band 1: US\$ 825 million

For Band 2: US\$ 42 million

For Band 3: US\$ 83 million

For Band 4: Incentive funding is already included in country allocation amounts

**24) Who is eligible to apply for incentive funding?**

Incentive funding is a separate amount of funding to encourage ambitious requests for programs with a potential for increased impact.

Applicants apply for incentive funding by submitting an “above allocation” request in their concept note.

Countries in Band 4, regional applicants and components that are significantly over-allocated are not eligible. However, all are encouraged to submit a full expression of demand by including an ‘above allocation’ request in their concept note. If the Technical Review Panel considers all or part of the funding request to be technically sound, then the request may be placed on a register of unfunded quality demand. This register of already-vetted programs is then available to be funded by the Global Fund or other donors when resources become available.

### **25) How is incentive funding awarded?**

Incentive funding is made available on a competitive basis, to applicants who compete against other applicants in the same band. Applications will be evaluated by the Technical Review Panel, and its recommendations will be considered by the Global Fund, through its Grant Approvals Committee and its Board.

### **26) How will incentive funding be awarded if, under the TB and HIV single concept note, one component is not eligible for incentive funding because it is over-allocated?**

Some applicants submitting joint TB and HIV concept notes may be in the situation where one of these components is significantly over-allocated and therefore ineligible for incentive funding. Applicants should still submit a request above allocation and the Technical Review Panel will consider the eligible disease component for incentive funding.

### **27) Can countries decide how to allocate money between diseases?**

Yes. Countries are being informed of one total allocation amount, with a breakdown of funding by disease components, for information only. Each Country Coordinating Mechanism may choose to propose a revised split that better reflects the country’s needs. The Country Coordinating Mechanism is required to agree on the split of funding between the eligible diseases and cross-cutting health systems strengthening, and communicate it to the Global Fund. The disease split should be discussed early on by the Country Coordinating Mechanism during the country dialogue process.

### **28) Can funding be redistributed across the eligible diseases and health system strengthening?**

Yes. Each Country Coordinating Mechanism may choose to redistribute across the diseases and cross-cutting health systems strengthening, and decisions should be achieved through inclusive country dialogue.



### **29) How can a country make sure it allocates appropriate funding to health systems strengthening?**

Funding for health systems strengthening must come from disease allocation. There is not separate funding for health systems strengthening. Through the disease split discussion, the County Coordinating Mechanism can propose investment in cross-cutting health systems strengthening at levels appropriate to the country context. This should be determined through an inclusive country dialogue that includes health systems strengthening stakeholders. Some applicants are not eligible to apply to health systems strengthening, and in those cases there was no mention of HSS in the allocation letter.

General cross-cutting HSS investment guidance is as follows:

- Band 1: Cross-cutting HSS investment strongly encouraged, historical average investment by Band 1 countries is 11%
- Band 2: Cross-cutting HSS investment encouraged, historical average investment by Band 2 countries is 8%
- Band 3: Cross-cutting HSS investment encouraged, historical average investment by Band 2 countries is 8%
- Band 4: Investment may be considered on an exceptional basis.

### **30) What is the review process at the Global Fund for the disease split?**

The Country Coordinating Mechanism must endorse any proposed split before a concept note is submitted.

The proposed disease split should account for the total funding amount, including existing funding and new funding, and should also reflect confirmed willingness-to-pay commitments. Documentation of the decision-making process (minutes of CCM meetings), and a detailed rationale for the proposed split must be submitted.

The Global Fund encourages country ownership of the program split decision, while seeking to ensure that the proposed split is justifiable. Once the communication is received from the CCM, the proposed split will be reviewed on a case-by-case basis, taking into consideration the country context.

In reviewing every concept note, the Global Fund may require revisions before submitting to the Technical Review Panel.

### **31) Which countries must submit a single TB-HIV concept note?**

The Global Fund recently decided that a single TB and HIV concept note that presents an integrated TB and HIV program will be required for those countries that have a high burden of



co-infection with TB and HIV. That applies to 38 of the 41 countries that WHO considers as the TB and HIV priority countries. They are listed on the Global Fund website.

**32) Can countries that have to submit a single TB-HIV concept note still redistribute funding among the three diseases?**

Yes. Countries have the flexibility to decide how their country allocation will be split between the eligible disease components and cross-cutting health systems strengthening. The Country Coordinating Mechanism should agree on a final split, before submission of a concept note to the Global Fund.

**33) If existing TB and HIV grants have different end dates, do the start dates of the new grants have to be aligned and reflected in a single concept note?**

Although they have the same concept note submission date, TB and HIV grants that originate from a single concept note for TB and HIV may have the same or different start dates. If the grant start dates cannot be aligned, the Country Coordinating Mechanism should consider whether any existing activities need to be reprogrammed to realize the benefits of the joint programming detailed in the single TB and HIV concept note.

**34) What should the CCM consider when deciding the start date of the grant?**

The Country Coordinating Mechanism can set a grant start date in consultation with the PR and Global Fund Country Team.

**35) Does the allocation all need to be applied for at the same date?**

Countries may submit no more than one concept note for each disease and cross-cutting health systems strengthening funding request. Concept notes for different components can be submitted at different times. The disease split is required before the first of these concept notes are submitted.

**36) What is a “consolidated request”?**

Given that concept notes will be consolidated requests, it is important to select the most appropriate starting date for the concept note. Any existing approved grants that are being implemented as of the selected start date for the grant should be incorporated in the consolidated concept note in addition to the new funding being requested by the applicant.

**37) If a country has to refund an amount to the Global Fund as a result of an audit or investigation by the Office of the Inspector General, how will this affect the country's access to funds?**

Recovery of misused funds is a high priority for the Global Fund. The Global Fund reserves the right to complete the recovery process for past funding prior to the country being able to access further funds. However, each situation will be considered on a case-by-case basis by the Global Fund's Recoveries Committee. Flexibility may exist, particularly where the country has agreed to a recovery plan and is meeting its commitments under that plan.

**38) When will funds from the next replenishment (2017-2019) be available?**

That will depend on the timing of the next replenishment conference and the subsequent Board decisions.