

Incorporating the Equitable Access Initiative in Global Fund Policy

March 2017

The Equitable Access Initiative (EAI) was convened in early 2015 by nine leading multilateral health and development organizations to explore the strengths and weaknesses of Gross National Income (GNI), and the potential for developing alternatives or complimentary measures to better inform decision making on health and development. The Global Fund, as a convener and host of the EAI, responsively incorporated key insights from the analytical work and deliberations. This document identifies key policy changes that resulted from this engagement.

Under the chairmanship of Pascal Lamy and Donald Kaberuka, and in consultation with leading experts, national governments and civil society, four leading academic groups were tasked with proposing alternatives for the Expert Panel's consideration. Based on the analyses and findings of the EAI's analytical work, the Initiative¹ recommended a conceptual framework to guide policymaking in external financing for health:

- To **inform complex external health financing decisions** such as eligibility and the prioritisation of investments **with a multi-criteria framework** that takes into account income levels and health needs, in addition to domestic capacity and policies, where relevant.
- To **inform eligibility policies by health need relative to income**, and to design complimentary policies that allow for a planned gradual transition, in order to mitigate the risk of a country losing gains in health when external financing decreases rapidly in spite of significant health needs and/or limited fiscal space.²
- To **consider domestic fiscal capacity characteristics when prioritising investments** and to develop policies that favour improved health outcomes and increased domestic finance.

Long-term actions

- To **consider greater investments** in data collection systems towards developing a more nuanced, comprehensive framework that captures sub-national equity considerations, including the needs of key populations and vulnerable groups, through better quality and more reliable data that support the inclusion of relevant indicators.

Drawing on the EAI's findings demonstrating the perverse impact of sudden declines in external financing, the following policy modifications were proposed and approved by the Global Fund Board with the objective of increasing the predictability of Global Fund financing and allowing for gradual, planned transitions:

1. Eligibility Policy: The Global Fund's eligibility is currently determined by a country's income and official disease burden categorization, the thresholds designed to target countries with the highest disease burden relative to economic capacity, and contexts where key and vulnerable populations are disproportionately affected by the three diseases.

- Drawing from the EAI, first, the policy was amended towards using a three-year average of GNI per capita of the latest available data (World Bank, Atlas Method) when determining countries' income

¹ <http://www.theglobalfund.org/en/equitableaccessinitiative/>

² While there was consensus among EAI members that where discrete thresholds are used that render a country ineligible for support once it passes a certain GNI per capita level, the risk of negative impacts on overall health financing should be mitigated by allowing for a gradual and planned transition; an additional recommendation to avoid discrete thresholds for low- and middle-income countries was not supported by the entire EAI.

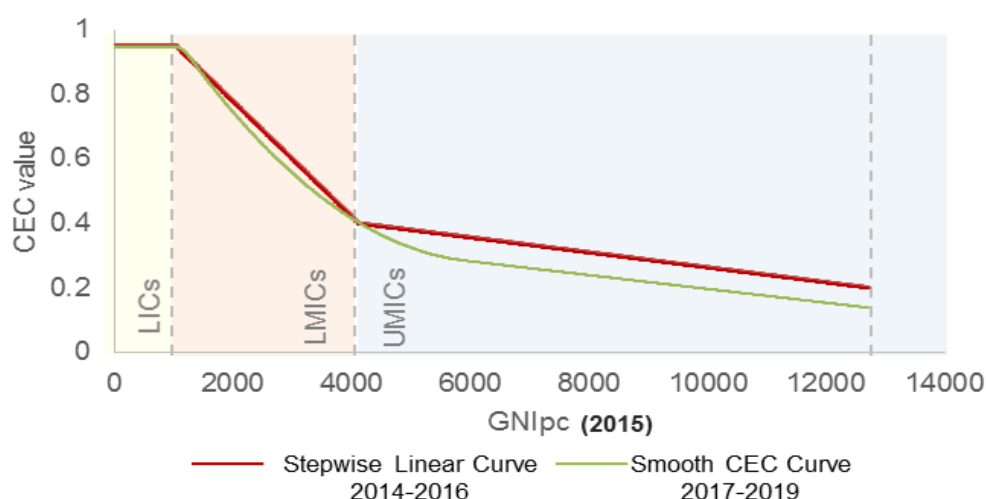
group classifications,³ with the objective of reducing instances of countries becoming ineligible due to economic volatility.

- Second, with the objective of creating greater predictability in financing, the policy now allows for one more allocation of transition funding where needed, after an existing disease component becomes ineligible.⁴

2. Sustainability, Transition, and Co-financing Policy: Drawing on EAI's recommendations of guiding operational decision making based on a multi-criteria framework, grounded in the principles of differentiation, harmonization, alignment and flexibility, the Sustainability, Transition and Co-financing policy lays out differentiated tools for the Global Fund to operationalize in its funding partnerships towards incentivising public domestic engagement in sustaining health impact:

- **Differentiated Co-financing requirements for all countries:** The previous Willingness to Pay and minimum 'Counterpart financing' threshold requirements were combined into a single differentiated co-financing incentive that could be tailored to country contexts. The requirements to access the incentive are two-fold: First, to access the allocation, all countries need to provide commitments set at a minimum of 15 percent of a country's allocation in their funding. Second, during the implementation period, government spending on health and co-financing of Global Fund-supported programs should increase. The ability to tailor allows the Global Fund to work with in-country stakeholders to customise or increase co-financing requirements where there is a specific type of need, and reduce it in the rare case of economic volatility.
- **Modified focus of application requirements for middle income countries:** The policy requires countries in the middle-income category to progressively focus Global Fund grant investments on Key Affected Populations programming and addressing key bottlenecks to transition;
- **Transition work-plan with funding request for components applying for "transition funding":** The funding request for the final 'transition funding allocation' made available under the revised Eligibility policy can only be accessed if it is informed by a costed transition work-plan addressing key bottlenecks, based on a review by the Technical Review Panel (TRP).

3. Allocation formula 2017-2019: Together with disease burden, country economic capacity is a key input into the Global Fund's allocation formula. Previously, country economic capacity had been measured by a stepwise linear curve based on each country's GNI (Atlas method), whose values were differentiated according to income classification. One key recommendation of the EAI was that discrete thresholds should be avoided in income classifications. On this basis, in March 2016 the Global Fund's Strategy, Impact and Investment Committee approved a revision to the country economic capacity curve for the 2017-2019 allocation period. The updated curve is smooth as countries transition from Low-Income Country (LIC) status to Lower Middle-Income Country (LMICs) status, and from LMIC to Upper Middle-income Country (UMIC) status, no longer retaining discrete thresholds between income classifications. The former stepwise linear curve for the 2014-2016 allocation period, and the smooth curve for the 2017-2019 allocation period updated on the basis of the EAI recommendations, are shown below:



Graphical form of the 2014-2016 Stepwise Linear Curve and updated 2017-2019 Smooth Country Economic Capacity Curve.

³ Continuing to use World Bank thresholds

⁴ Eligibility Policy, Paragraph 13