Description of the 2023-2025 Allocation Methodology

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The allocation methodology is made up of two parts: country allocations and catalytic investments. Country allocations are the Global Fund's main source of funding to drive impact. Catalytic investments aim to complement country allocations by driving focus to priority areas that are underinvested or cannot be achieved through country allocations alone. For the 2023-2025 allocation period, the Global Fund Board approved a total of US$13.128 billion for country allocations and US$400 million for catalytic investments.

Country Allocations

The Global Fund's Eligibility Policy identifies countries that may receive an allocation for each disease. Allocations are determined through the allocation methodology, which is approved by the Board.

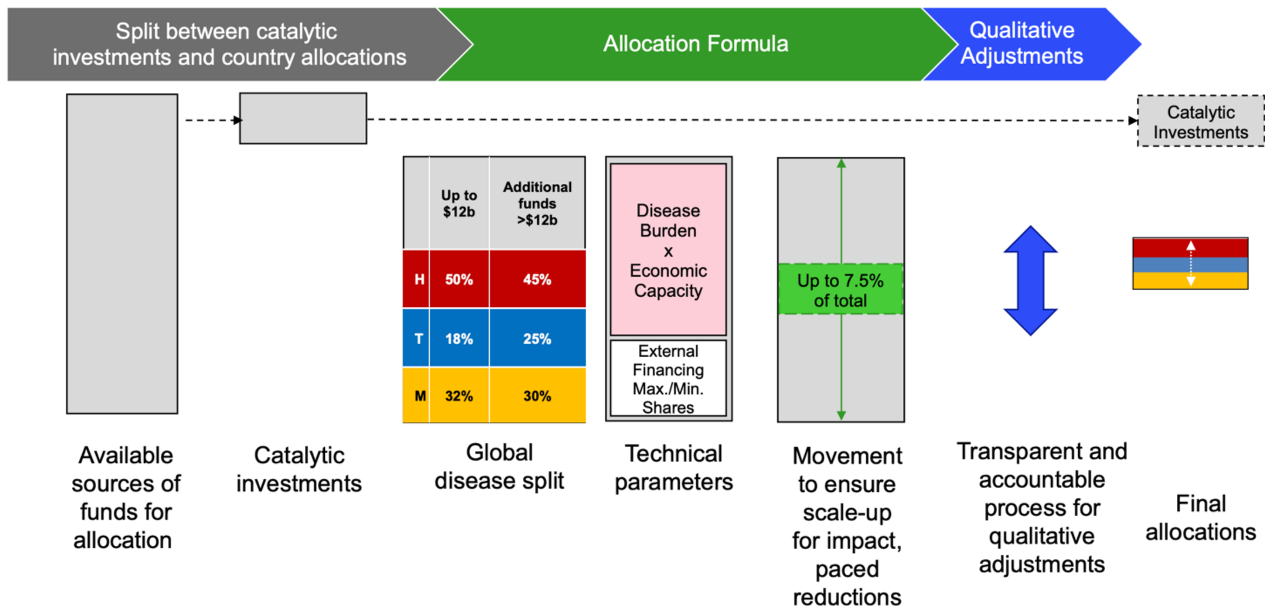

Figure 1: Overview of the 2023-2025 Allocation Methodology

Allocation Formula

To produce country allocations, the allocation formula first divides the total funds available for country allocation (US$13.128 billion) by the Board-approved global disease split.
For the available funds for country allocation up to and including US$12 billion, the split is:

- HIV/AIDS – 50%
- Tuberculosis (TB) – 18%
- Malaria – 32%

For any additional available funds for country allocation above US$12 billion, a greater share is allocated to TB, in recognition of the increased share of deaths from TB among the three diseases, and in line with the severe impact that COVID-19 has had on the fight against TB:

- HIV/AIDS – 45%
- TB – 25%
- Malaria – 30%

The global disease split determines the total amount of funding available per disease. However, the split between the disease allocations is different for each country, depending on the country context.

The allocation formula distributes funding to each country primarily in line with its disease burden as a share of the total disease burden of all Global Fund eligible countries. It also accounts for country economic capacity, to give more weight to countries with lower capacity to fund responses to the three diseases and build resilient and sustainable systems for health (RSSH).

For all countries the raw allocation for an eligible disease is determined by multiplying their disease burden[1] by their country economic capacity[2]. Each country's disease burden multiplied by their country economic capacity is then divided by the sum of disease burden multiplied by economic capacity for all eligible countries, which produces a share for each country. Each country's share is then multiplied by the total available funding for the disease

[1] Disease burden for the 2023-2025 allocation period is measured by: for HIV: the number of people living with HIV (latest available data); for TB: TB incidence + 10*MDR-TB incidence (latest available data); for malaria: [0.05 * mean malaria incidence rate]+[0.05 * mean malaria mortality rate] + ([mean number of malaria cases, adjusted for population growth]+[mean number of malaria deaths adjusted for population growth]) *). Adjustment for population growth is given by multiplication by [population at risk, latest available year] / [mean population at risk]. Mean data from 2000-2004, each indicator is normalized except population at risk. The disease burden indicators are calculated using latest available data from UNAIDS (for HIV) and WHO (for TB and malaria).

[2] Country economic capacity (CEC) values are between 0.95 and 0.14. CEC values are measured by a smooth curve, which decreases as Gross National Income (GNI) per capita increases. For those countries with the lowest GNI per capita, their CEC value is 0.95. The CEC value remains at 0.95 until just after the lower middle income threshold, where the CEC value starts to decrease as GNI per capita increases. This means that if there were two countries with the same disease burden, but one has a much higher GNI per capita than the other, the country with the higher GNI per capita would get calculated a lower raw allocation than the one with the much lower GNI per capita. The CEC indicator uses latest GNI per capita data from the World Bank.

to produce an allocation amount. Here is an example of how a country's raw allocation is calculated in the case of malaria:

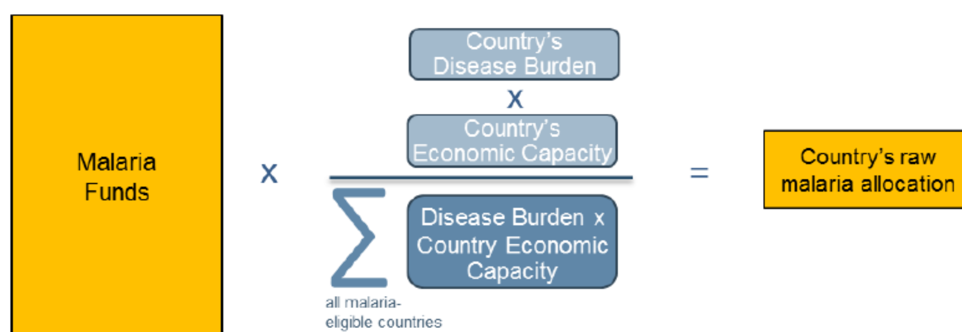

Figure 1: Example of calculating country's raw malaria allocation

The country's raw allocation for the disease is then adjusted to account for:

- Minimum shares (US$500,000 per disease component) to ensure that the funding is viable;[3]
- Maximum shares (disease allocations are limited to a maximum of 10% of total available disease funding, and country allocations are limited to 7.5% of total funding) to ensure that the funding is not overly concentrated in a few countries;
- Projections of other external financing, to help align the global distribution of total external resources for the disease with the distribution of the raw allocation.[4]

This gives an initial calculated amount for each eligible country disease program.

The initial calculated amounts are adjusted to provide scale-up for country programs that have received less funding from the Global Fund over the 2020-2022 allocation period than the formula has calculated for 2023-2025; and to provide sustainable paced reductions for country programs that have received more funding from the Global Fund for 2020-2022 than the allocation formula has calculated for 2023-2025. This adjustment guarantees increases beyond 2020-2022 levels where scale-up is most needed, while moderating the rate of decrease for country disease programs seeing a reduction in funding. This adjustment moves up to 7.5% of total funding available for country allocations towards country disease programs seeing a decrease in their funding levels. Funds are distributed between these countries to provide a more gradual decrease. After this step, each eligible country disease program has its formula-derived amount.

[3] Subject to assessment through the qualitative adjustment process of the impact that could be achieved, contribution towards achieving strategic objectives, and ability to efficiently manage such programs with differentiated and simplified grant management processes.
[4] Projections for other external financing are discounted by 50% for data quality and can influence country allocations by only up to 25%.

Qualitative Adjustments

As the final step of the allocation methodology, the formula-derived amounts are refined through a transparent and accountable qualitative adjustment process approved by the Global Fund's Strategy Committee. The qualitative adjustment process aims to maximize the impact of Global Fund resources by accounting for key epidemiological, programmatic and other country contextual factors that are important to determine country allocations but either cannot be considered formulaically or are not fully represented in the allocation formula. The process is carried out under the oversight of the Global Fund's Strategy Committee and takes place in two stages:

- Stage 1: Adjustment of HIV allocations to account for the needs of HIV key populations in countries with concentrated or mixed HIV epidemics, using key population size and burden estimates provided in collaboration with HIV technical partners. Based on the recommendations from technical partners, only HIV allocations had stage 1 adjustments.

- Stage 2: Adjustment of HIV, TB and malaria allocations to account for other contextual factors and to further maximize the impact of Global Fund resources. This holistic adjustment is determined by a small, consistent Secretariat panel under the oversight of a moderator, to ensure the process is carried out consistently across countries. The panel's decision is based on a holistic consideration of all relevant contextual factors. These factors include the country's disease program's gap to impact in line with global partner plans and its change in funding from the 2020-2022 allocation, programmatic performance, coverage gaps, risk environment, sustainability and transition, absorption and the cost of continuing essential programming.

This process results in final allocations for each country's disease program. The total funding for a country is the sum of the allocations for each of its eligible disease programs. This final amount is communicated to the country in the allocation letter. During funding request development, countries have the flexibility to revise the funding split between disease programs and programs that build RSSH. The program split is subject to Global Fund review.

Catalytic Investments

Catalytic investments represent a portion of available funding that has been set aside for programs and activities that are essential to achieve the aims of the Global Fund Strategy and partner global plans, but not adequately addressed through country allocations alone.

For the 2023-2025 period, the Board approved US$400 million for catalytic investments.

This funding level was determined based on the total amount available for allocations, recognizing the importance of synergizing catalytic investments and country allocations to achieve strategic targets and ensure impactful use of funds.

The areas for catalytic investments were determined through a prioritization approach in consultation with technical partners and under the oversight of the Strategy Committee. The approach considered each priority area's strategic impact, operational implications, and lessons learned from the previous cycle.

For more information about the 2023-2025 catalytic investments, please visit:
https://www.theglobalfund.org/en/applying-for-funding/sources-of-funding/