THE IMPACT OF THE GLOBAL FUND'S NEW FUNDING MODEL ON THE 34 MALARIA-ELIMINATING COUNTRIES

A briefing prepared by the Global Health Group at the University of California, San Francisco

Background

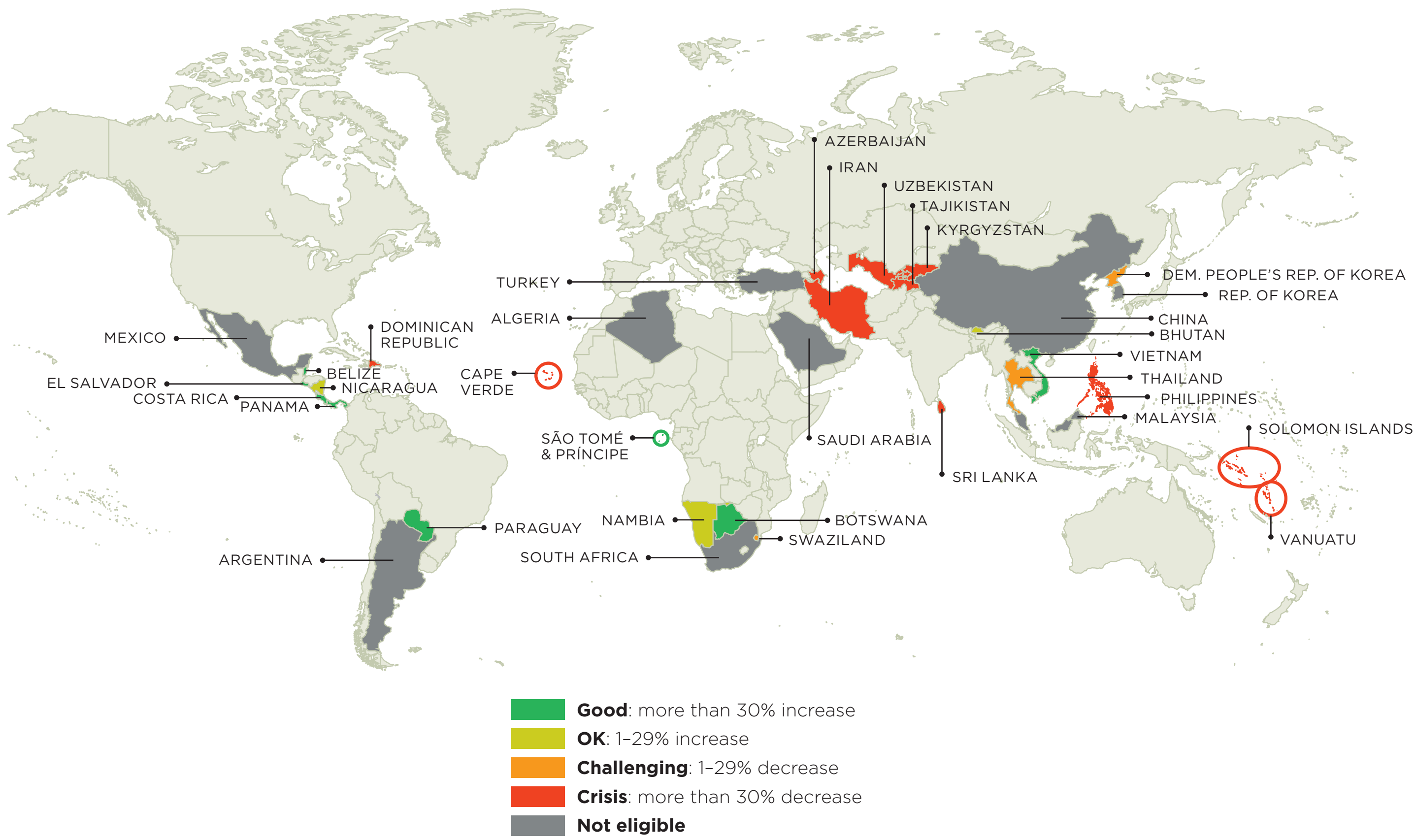
The Global Fund to Fight AIDS, Tuberculosis, and Malaria (Global Fund), founded in 2002, has become the largest financier of malaria control and elimination efforts. In 2011, amidst global economic stress, the Board of the Global Fund called for a structural reformation of the funding mechanism to increase value for money of their investments. The Global Fund's New Funding Model's (NFM) basic framework divvies up the available funding based on a country's composite score of the three disease burdens and ability to pay, based on GNI per capita. Allocation amounts, issued in early 2014, for the period of 2014–2016 can be found at: theglobalfund.org/en/fundingmodel/allocationprocess/allocations.

In an effort to understand the impact of the Global Fund's NFM on the 34 malaria-eliminating countries (listed in the appendix), the UCSF Global Health Group's Malaria Elimination Initiative analyzed the change in available funding, if any, for each of the countries. Our findings are summarized here.

Key points

- The change in total allocations to the eliminating countries that are eligible for Global Fund grants compared to previous average annual allocations varies widely by country, with some allocated a significant increase and others allocated a significant decrease in funding.
- The total percent change in allocations to the 25 eliminating countries included in this analysis is projected to be an overall 21% decrease.
- Prior to the NFM, overall Global Fund allotments to the eliminating countries accounted for 7% of the total Global Fund malaria portfolio. Under the NFM, this figure is projected to drop to 6%.
- The Global Fund has increased average annual allocations to eleven countries; these eleven should be able to accelerate toward their elimination goals: Belize, Bhutan, Botswana, Costa Rica, El Salvador, Namibia, Nicaragua, Panama, Paraguay, São Tomé and Príncipe and Vietnam.
- For seven of the eleven countries that are projected to receive an increase in funding, this increase is largely due to two catalytic regional grants:[1]
  - » The Elimination of Malaria in Mesoamerica and Hispaniola (EMMIE) grant makes funding available to six eliminating countries, of which four would have otherwise been ineligible for national malaria grants: Belize, Costa Rica, Dominican Republic and Panama.
  - » The Regional Artemisinin Initiative (RAI), the regional grant for the Mekong region, not only provides critical funding for Thailand, which did not receive additional national malaria funding, but also greatly increases funding for Vietnam.
- Under the recent country allocations from the Global Fund, fourteen countries are projected to be in more vulnerable positions:
  - » Twelve countries will see decreases in annual average allocations: Cape Verde, Dominican Republic, Democratic People's Republic of Korea (DPRK), Kyrgyzstan, Philippines, Solomon Islands, Sri Lanka, Swaziland, Tajikistan, Thailand, Uzbekistan and Vanuatu.
  - » Azerbaijan and Iran are no longer eligible for national malaria funding.
- For seventeen countries that will experience a minimal increase or a decrease in funding, current momentum could be maintained, though accelerating progress toward elimination will likely be more challenging.
- The allocations proposed by the Global Fund can be adjusted up to 10% by the Country Coordinating Mechanism (CCM) during country dialogue. Especially in lower endemic countries where malaria is seemingly no longer a major threat, malaria tends to be underrepresented on the CCM. Strong malaria advocacy is needed to ensure the amount allotted to malaria is obtained.

GLOBAL FUND FUNDING TO THE 34 MALARIA-ELIMINATING COUNTRIES: THE IMPACT OF THE NEW FUNDING MODEL



Objectives

The UCSF Global Health Group's Malaria Elimination Initiative has three objectives in pursuing this work:

1. To raise awareness of the projected increase or decrease in funding from the Global Fund to the 34 eliminating countries.
2. To bring special attention to the eliminating countries that are projected to receive decreases in funding from the Global Fund.
3. To generate evidence that can be used to advocate for closing financial gaps, which governments or other donors could help to fill.

Methodology

Countries included in this analysis

Of the 34 malaria-eliminating countries, we included countries that were recently eligible for Global Fund grants; have active malaria grants from the Global Fund; are eligible for national malaria grants under the NFM; and/or are expected to receive funds from the Global Fund under a regional malaria grant. Those countries that have never been eligible or that are classified as a G20 country, and thus not eligible for any disease funding, were excluded from the analysis. Twenty-five of the 34 eliminating countries met these criteria and are the focus of this analysis.

See the appendix for countries included in this analysis.

Funding scenario and timing

First, we calculated the total disbursed amount of money for each country's most recent, active malaria grant(s) and averaged it over their respective elapsed grant periods through December 31, 2013. Then, using this as the denominator for annual average disbursements, we compared these values to the projected annual average allocations based on each country's total allocation under the NFM (including both existing funding and new, additional funding, plus any regional funding) for the four year period of 2014–2017. We use this period, rather than the period of 2014–2016, since the date of the next replenishment is uncertain, though likely to take place at the end of 2016, and thus countries will likely not receive new funding until mid-2017 at the earliest.

When we examined the countries' total allocation from the NFM, which includes "existing" funds from active grants made under the previous funding model, we assumed that all countries will make the decision to reprogram their existing grant funding to cover the time period of 2014–2017.

Total disbursed amounts from the most recent, active grant(s) received under the old funding model were used rather than the total signed amount in order to not "double count" the existing funding, which has been rolled in to the NFM allocations.

Analysis

Using the total disbursed value and the elapsed life of each active grant, we determined how much money each country was receiving prior to the NFM, on average, per year. For example, if a country signed a $100 million grant for a five year period (January 2011–December 2015), and was disbursed $80 million by December 31st, 2013 (three of the five years elapsed), we estimated that the country received $26.67 million per year.

Next, we examined each country's new total allocations for malaria from the Global Fund. It is important to note, however, that the country allocations from the Global Fund are proposed indicative numbers—they can be adjusted up to 10% by the Country Coordinating Mechanism (CCM) during the country dialogue phase of the grant making process. Additionally, 15% can be withheld if the counterpart financing requirement is not met by the country.

Findings

Overall findings include:

- Nineteen of the 34 eliminating countries are eligible for national malaria funding with allocation amounts ranging from $500,000 to $27 million.
    - » Although 19 countries are eligible, three did not receive a new additional allocation: Kyrgyzstan, Tajikistan and Thailand.
- Four countries are not eligible for national grants, but can receive funds through a regional malaria grant: Belize, Costa Rica, Dominican Republic and Panama.
- If average annual disbursements from the most recent grants under the old funding model are averaged among the 25 countries included in this analysis and compared to the overall averaged new allocations, there is an overall 21% decrease in funding.

Country breakdown

Eleven (44%) countries will receive an increased average annual allocation.

- Two countries will receive increases of 30% or more in average annual allocations: São Tomé and Príncipe and Vietnam.
- Three countries will receive increases between 1%–29% in average annual allocations: Bhutan, Namibia and Nicaragua.
- Six had not received recent funding, but will be entitled to allocations under the NFM: Belize, Botswana, Costa Rica, El Salvador, Panama, and Paraguay. Thus, all received an unquantifiable increase in funding.

Fourteen (56%) countries will see decreases in their average annual allocations.

- Two countries will see a 100% decrease in funding as they are no longer eligible for malaria funding: Azerbaijan and Iran.[2]
- Nine countries will see decreases of 30% or more in average annual allocations: Cape Verde, Dominican Republic, Kyrgyzstan, Philippines, Solomon Islands, Sri Lanka, Tajikistan, Uzbekistan and Vanuatu.
- Three countries will see decreases of 1%–29% in average annual allocations: DPRK, Swaziland and Thailand.

See page 4 for Country breakdown.

Regional breakdown

- Eliminating countries in the North Africa, Central Asia, and Eastern Europe regions will experience an overall 93% decrease in funding.
- Eliminating countries in Asia and Western Pacific will experience an overall 17% decrease in funding.
- Eliminating countries in Latin America will experience an overall 49% increase in funding.
- Eliminating countries in Sub-Saharan Africa will experience an overall 37% increase in funding.

See page 5 for Regional breakdown.

Global Fund support in relation to malaria data

We then analyzed historical malaria data, looking at the total number of presumed and confirmed cases in 2000 compared to total cases in 2012 from WHO World Malaria Report (WMR) 2013 data. This helped us to understand which countries may face a high risk of resurgence. Findings include:

- Two countries with a high malaria risk in 2000 have been accelerating progress and approaching elimination, and average annual allocations from the NFM decreased: Sri Lanka and Tajikistan.

COUNTRY BREAKDOWN[7, 8]

Countries	Average annual disburse-ments before the NFM in US$[3]	Average annual allocation under NFM: 2014–2017	Percent change	Eligible for incentive funding under NFM	Total presumed and confirmed cases in 2000–WMR	Total presumed and confirmed cases in 2012–WMR	Income category
Azerbaijan	$1,049,387	$0	-100%	NA	1,526	4	UMI
Belize[4]	$0	$147,222	+	NA	1,486	37	UMI
Bhutan	$595,598	$641,075	8%	No	82,380	82	LLMI
Botswana	$0	$1,282,149	+	Yes	71,555	308	UMI
Cape Verde	$633,015	$320,537	-49%	No	144	36	ULMI
Costa Rica[4]	$0	$147,222	+	NA	1,879	8	UMI
Dominican Republic[4]	$1,565,334	$97,222	-94%	NA	1,233	952	UMI
El Salvador[5]	$0	$1,111,005	+	No	753	19	ULMI
Iran	$5,461,418	$0	-100%	NA	19,716	1,629	UMI
DPRK	$4,878,128	$3,966,350	-19%	Yes	204,428	21,850	LI
Kyrgyzstan	$884,028	$113,074	-87%	Yes	12	3	LI
Namibia	$1,166,781	$1,371,785	18%	Yes	538,512	3,163	UMI
Nicaragua[5]	$2,431,682	$3,018,565	24%	Yes	23,878	1,235	LLMI
Panama[4]	$0	$147,222	+	NA	1,036	844	UMI
Paraguay	$0	$1,338,783	+	No	6,853	15	ULMI
Philippines	$8,594,847	$5,543,637	-36%	No	36,596	7,133	LLMI
São Tomé and Príncipe	$1,807,650	$2,733,377	51%	Yes	32,149	12,550	LLMI
Solomon Islands[6]	$2,329,166	$1,617,630	-31%	Yes	368,913	57,296	LLMI
Sri Lanka	$5,310,434	$3,194,798	-40%	No	210,039	93	ULMI
Swaziland	$1,420,225	$1,290,603	-9%	Yes	29,374	626	ULMI
Tajikistan	$2,721,312	$335,802	-88%	Yes	19,064	33	LI
Thailand[5]	$13,611,345	$11,414,463	-16%	No	78,561	32,569	UMI
Uzbekistan	$578,319	$350,280	-39%	Yes	126	1	LLMI
Vanuatu[6]	$1,552,777	$813,042	-48%	No	33,779	3,541	ULMI
Vietnam[5]	$4,895,794	$7,528,554	54%	Yes	274,910	43,717	LLMI
Average % change			-32%				
Total	$61,487,240	$48,524,396	-21%				

The percent change for each country's funding is categorized in the tables as follows:

- **Good**: more than 30% increase
- **Okay**: 1–29% increase
- **Challenging**: 1–29% decrease
- **Crisis**: more than 30% decrease

REGIONAL BREAKDOWN

Countries	Average annual disbursements before the NFM	Average annual allocation under NFM: 2014–2017	Percent change
North Africa, Central Asia, Eastern Mediterranean, Europe			
Azerbaijan	$1,049,387	$0	-100%
Iran	$5,461,418	$0	-100%
Kyrgyzstan	$884,028	$113,074	-87%
Tajikistan	$2,721,312	$335,802	-88%
Uzbekistan	$578,319	$350,280	-39%
Total	$10,694,464	$799,156	-93%
Latin America			
Belize[4]	$0	$147,222	+
Costa Rica[4]	$0	$147,222	+
Dominican Republic[4]	$1,592,747	$97,222	-94%
El Salvador[5]	$0	$1,111,005	+
Nicaragua[5]	$2,431,682	$3,018,565	24%
Panama[4]	$0	$147,222	+
Paraguay	$0	$1,338,783	+
Total	$4,024,429	$6,007,242	49%
Asia and Western Pacific			
Bhutan	$595,598	$641,075	8%
Korea, Dem. Rep.	$4,878,128	$3,966,350	-19%
Philippines	$8,594,847	$5,543,637	-36%
Solomon Islands[6]	$2,329,166	$1,617,630	-31%
Sri Lanka	$5,310,434	$3,194,798	-40%
Thailand[5]	$13,611,345	$11,414,463	-16%
Vanuatu[6]	$1,552,777	$813,042	-48%
Vietnam[5]	$4,895,794	$7,528,554	54%
Total	$41,768,089	$34,719,547	-17%
Sub-saharan Africa			
Botswana	$0	$1,282,149	+
Cape Verde	$633,015	$320,537	-49%
Namibia	$2,431,682	$3,018,565	24%
São Tomé and Príncipe	$1,807,650	$2,733,377	51%
Swaziland	$1,420,225	$1,290,603	-9%
Total	$6,292,571	$8,645,232	37%

Limitations

It is unclear how "existing" funding was calculated for the allocations under the NFM. Furthermore, although we base our calculations on the time period of 2014 through 2017, it is unlikely that countries will receive the new allocations until the end of 2014 or early 2015. Until then, each country will spend their "existing" funding, but as spend rates are unknown, it is therefore uncertain how much "existing" funding will be left when countries receive their new grants.

We assume that all countries will choose to reprogram their funds, however, for some countries receiving little to no "new" additional funding, the administrative costs of reprogramming may outweigh the new allocation. Thus, it is possible that a country chooses to maintain their existing spending plan and exhaust funds from an active malaria grant with an upcoming end date before applying for any new funding. This may be the case for Vanuatu, whose new allocation will only consist of existing funding (approximately $3 million) and no new additional allocation for a national grant. If Vanuatu decides not to reprogram due to administrative costs or get an extension of their current grant, the country may face a financial cliff when existing grants expire in 2014. In contrast, Namibia is also receiving a lower new additional allocation of about $518,000 and may choose not to reprogram, but because their current grant is active until mid-2016, they will not face the same financial burden.

The interactions and impacts of the potential 10% allocation change during CCM country dialogues, up to 15% withheld upon unmet willingness to pay targets, and possible additional 15% incentive funding are all unknowns, and therefore important limitations in this analysis.

Cases are based on malaria data from WMR and may be subject to poor reporting.

Recommendations

- Conduct national financial gap analyses to understand any financial cliffs that eliminating countries are facing.
- Support eliminating countries to implement more effective and efficient elimination strategies that maximize limited financial resources.
- Develop stronger national advocacy for malaria elimination, especially at CCM level.
- Begin to mobilize resources from alternative sources, including domestic spending.

Endnotes

1 Two new regional initiatives will be funded by the Global Fund: the Regional Artemisinin Initiative (RAI) in the Mekong Region and the Elimination of Malaria in Mesoamerica and Hispaniola (EMMIE). RAI is anticipated to receive US$100 million from the Global Fund to battle artemisinin resistance in Cambodia, Laos, Myanmar, Thailand and Vietnam. Under EMMIE, US$10 million will be awarded to countries in Latin America via a cash on delivery model. Countries eligible for funding under EMMIE include: Belize, Costa Rica, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua and Panama.

2 Although Iran is no longer eligible for malaria funding, their most recent active malaria grant will not expire until September 30, 2016.

3 This is calculated by taking any active grant disbursement amount(s) through end-2013 and dividing it by the number of years elapsed from the grant start date through December 31, 2013.

4 These countries are no longer eligible for Global Fund grants in malaria; however they are part of the EMMIE regional grant and their anticipated funding is included.

5 These countries received a country-specific allocation for malaria from the Global Fund and in addition are included in either the EMMIE regional Global Fund grant (El Salvador & Nicaragua) or the RAI regional Global Fund grant (Thailand & Vietnam). See Footnotes 7 & 8 for an explanation of these proportions.

6 These countries compose the multicountry Western Pacific, whose previous grant was split 60/40 (Solomon Islands/Vanuatu). We are informed from our in-country partners that the existing funding will still be split 60/40, and 100% of the additional funding will be allocated to the Solomon Islands

7 Fifteen percent of the $100 million RAI regional grant goes to Vietnam and 10% goes to Thailand.

8 The $10 million EMMIE regional grant covers 10 countries, 5 of which are eligible for startup funding (CR, Belize, El Salv, Mex, Panama), and 9 of which are eligible for payouts (all but Mexico). It is a Cash on Delivery model, assuming 60% of countries will reach their targets; because we won't know which will be successful until the end of Years 2 and 3, the amount ($7M) was evenly split over the 9 eligible countries and added to startup funding, if applicable.

APPENDIX: COUNTRIES INCLUDED IN ANALYSIS

Country	Eligible for Global Fund national funding in 2014	Eligible for Global Fund funding through EMMIE or RAI	Meets inclusion criteria for this analysis
Algeria	-	-	-
Argentina	-	-	-
Azerbaijan	-	-	yes
Belize	-	yes	yes
Bhutan	yes	-	yes
Botswana	yes	-	yes
Cape Verde	yes	-	yes
China	-	-	-
Costa Rica	-	yes	yes
Dominican Republic	-	yes	yes
El Salvador	yes	yes	yes
Iran	-	-	yes
Korea, Dem. Rep.	yes	-	yes
Kyrgyzstan	yes	-	yes
Malaysia	-	-	-
Mexico	-	-	-
Namibia	yes	-	yes
Nicaragua	yes	yes	yes
Panama	-	yes	yes
Paraguay	yes	-	yes
Philippines	yes	-	yes
Republic of Korea	-	-	-
São Tomé and Príncipe	yes	-	yes
Saudi Arabia	-	-	-
Solomon Islands	yes	-	yes
South Africa	-	-	-
Sri Lanka	yes	-	yes
Swaziland	yes	-	yes
Tajikistan	yes	-	yes
Thailand	yes	yes	yes
Turkey	-	-	-
Uzbekistan	yes	-	yes
Vanuatu	yes	-	yes
Vietnam	yes	yes	yes

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The **UCSF Global Health Group**, part of UCSF Global Health Sciences, is an "action tank" dedicated to translating new approaches into large-scale action to improve the lives of millions of people. The Group's Malaria Elimination Initiative provides research and advocacy support to countries that are pursuing an evidence-based path toward malaria elimination.