

THE IMPACT OF THE GLOBAL FUND'S NEW FUNDING MODEL ON ASIA PACIFIC MALARIA ELIMINATION NETWORK 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 the 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 15 Asia Pacific Malaria Elimination Network (APMEN) countries (listed in table 1), 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.

Objectives

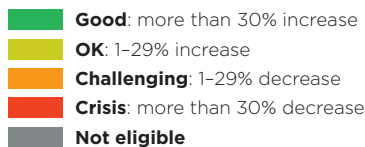
The UCSF Global Health Group's Malaria Elimination Initiative has three objectives in pursuing this work:

1. To raise awareness of the projected increase or decrease in funding to the APMEN countries from the Global Fund, which has historically been the major donor to the APMEN countries.
2. To bring special attention to the APMEN countries that are projected to receive decreases in funding
3. To generate evidence that can be used to advocate for their gaps, which governments or other donors could help to fill.

Key points

- The change in total allocations to the APMEN countries that are eligible for Global Fund grants compared to previous average annual allocations varies widely country by country, with some experiencing a significant increase and others experiencing a significant decrease in funding.
- The total percent change in allocations to the 12 APMEN countries included in this analysis is projected to be an overall 30% decrease.
- The Global Fund has increased average annual allocations to three countries, and they should thus be able to accelerate toward their elimination goals: Bhutan, Lao People's Democratic Republic (Lao PDR), and Vietnam.
- 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 Lao PDR and Vietnam.¹
- Under the recent country allocations from the Global Fund, nine countries are projected to be in more vulnerable positions: Cambodia, Indonesia, Democratic People's Republic of Korea (DPRK), the Philippines, the Solomon Islands, Sri Lanka, Thailand and Vanuatu. China is no longer eligible.
- For eleven countries that will experience a minimal increase or decrease in funding, 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, malaria tends to be underrepresented on the CCM. Stronger malaria advocacy is needed to ensure the amount allotted to malaria is obtained.
- Indonesia, whose total number of malaria cases rose 43% between 2000 and 2012, is projected to receive a decrease in funding, raising concerns about potential resurgences.

**GLOBAL FUND FUNDING TO THE APMEN COUNTRIES:
THE IMPACT OF THE NEW FUNDING MODEL**



Methodology

Countries included in this analysis

Of the 15 APMEN country partners, we included: those 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 the RAI 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 this analysis. Twelve of the 15 countries met these criteria and are the focus of this analysis.

See 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 31st, 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, as 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:

- Twelve of the 15 APMEN countries are eligible for national malaria funding with allocation amounts ranging from \$2 million to \$27 million.
 - » Although eligible, Thailand did not receive a new national malaria allocation.
- If average annual disbursements from the most recent grants under the old funding model are averaged among the 12 countries included in this analysis and compared to the overall averaged total new allocations, there is an overall 30% decrease in funding.

Country breakdown

Three (25%) countries will receive an increased average annual allocation.

- One country will receive an increase of 30% or more in its average annual allocation: Vietnam.
- Two countries will receive increases between 1%–29% in average annual allocations: Bhutan and Lao PDR.

Nine (75%) countries will see decreases in their average annual allocations.

- Five countries will see decreases of 30% or more in average annual allocations: Cambodia, Indonesia, Philippines, Sri Lanka, and Vanuatu.
- Four countries will see decreases of 1%–29% in average annual allocations: DPRK, Nepal, Solomon Islands, and Thailand.

COUNTRY BREAKDOWN

Countries	Average annual disbursements before the NFM in US\$ ⁴	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
Bhutan	\$595,598	\$641,075	8%	No	82,380	82	LLMI
Cambodia ²	\$20,589,556	\$16,080,934	-22%	No	203,164	45,553	LI
China	NA		-	No	26,945	2,718	UMI
Indonesia	\$42,150,698	\$18,908,113	-55%	No	1,432,178	2,051,425	LI
Korea, Dem. Rep.	\$4,878,128	\$3,966,350	-19%	Yes	204,428	21,850	LMI
Lao PDR ²	\$4,032,445	\$4,868,387	21%	Yes	279,903	46,819	LMI
Malaysia	NA		-	NA	12,705	4,725	UMI
Nepal	\$3,701,566	\$3,673,111	-1%	Yes	48,686	70,272	LI
Philippines	\$8,594,847	\$5,543,637	-36%	No	36,596	7,133	LLMI
Republic of Korea	NA		-	NA	4,183	555	UMI
Solomon Islands ³	\$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
Thailand ²	\$13,611,345	\$11,414,463	-16%	No	78,561	32,569	UMI
Vanuatu ³	\$1,552,777	\$813,042	-48%	No	33,779	3,541	LLMI
Vietnam ²	\$4,895,794	\$7,528,554	54%	Yes	274,910	43,717	LLMI
Average % change			-15%				
Total	\$112,242,355	\$78,250,092	-30%				

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

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:

- One country whose total number of presumed and confirmed cases rose and yet whose average annual allocations decreased: Indonesia.
- One country with a high malaria risk in 2000 has been accelerating progress and approaching elimination, yet average annual allocations from the NFM are decreasing: Sri Lanka.

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 will likely receive their new allotments.

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 only allocation. Thus, it is possible that a country may choose 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, Thailand is receiving zero new additional allocation and may choose to not reprogram, but because the current Global Fund grant is active until mid-2016, Thailand 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 2013 and may be subject to poor reporting.

Recommendations

- Conduct national financial gap analyses to understand any financial cliffs AP MEN countries are facing.
- Support AP MEN 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 The Regional Artemisinin Initiative (RAI) in the Mekong Region is anticipated to receive US\$100 million from the Global Fund to battle artemisinin resistance in Cambodia, Lao PDR, Myanmar, Thailand and Vietnam.
- 2 These countries received a country-specific allocation for malaria from the Global Fund and in addition are included in the \$100 million RAI regional Global Fund grant (15% goes to Cambodia, 5% goes to Lao PDR, 10% goes to Thailand and 15% goes to Vietnam).

- 3 These countries compose the Multicountry Western Pacific Global Fund Grant, whose previous grant was split 60/40 (Solomon Islands/Vanuatu). We are informed by our 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.
- 4 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.

APPENDIX: APMEN COUNTRIES, ELIGIBILITY STATUS, AND ANALYSIS INCLUSION

Country	Eligible for Global Fund national funding in 2014	Eligible for Global Fund funding through RAI	Meets inclusion criteria for this analysis
Bhutan	yes	-	yes
Cambodia	yes	yes	yes
China	-	-	-
Indonesia	yes	-	yes
Korea, Dem. Rep.	yes	-	yes
Lao PDR	yes	yes	yes
Malaysia	-	-	-
Nepal	yes	-	yes
Philippines	yes	-	yes
Republic of Korea	-	-	-
Solomon Islands	yes	-	yes
Sri Lanka	yes	-	yes
Thailand	yes	yes	yes
Vanuatu	yes	-	yes
Vietnam	yes	yes	yes



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.

APMEN is composed of 15 Country Partners in the Asia Pacific region who currently share a common goal to eliminate malaria, either at the national or sub-national level. APMEN is managed by a Joint-Secretariat from the Global Health Group at the University of California, San Francisco, and the School of Population Health at the University of Queensland (SPH/UQ). Major funding for APMEN is provided by the Australian Government’s Department of Foreign Affairs and Trade (DFAT).