Stop TB Partnership position paper:

Global Fund Allocation Methodology-Global Disease Split

Background:

The Global Fund is an international financing institution designed to combat AIDS, tuberculosis (TB), and malaria. Since its creation in 2002, the organization has played a crucial role in funding efforts to control and eliminate TB, a disease that continues to be a significant global health challenge, particularly in low- and middle-income countries.

Over 22 years of its operations, the Global Fund invested a US$ 30.0 billion in programs to prevent and treat HIV and AIDS, US$ 17.5 billion in malaria programs, and only US$ 10.6 billion for TB.[1]

TB is one of the top 10 causes of death worldwide and the leading cause of death from a single infectious agent, surpassing malaria and HIV/AIDS combined. Despite this, TB has historically received substantially less funding from the Global Fund (18% of total allocations) compared to HIV/AIDS and malaria which receive 50% and 32% of total allocations respectively

It is now evident that the allocation of resources does not correspond to the disease burden as TB receives a disproportionally small share of funding relative to the number of people who fall ill and die annually due to the disease. TB is the leading cause of death among people with HIV and according to the World Health Organization, without proper treatment, 60% of HIV-negative people with TB on average and nearly all HIV-positive people with TB will die. HIV/AIDS is undeniably a critical public health issue and historically, it has received the largest share of the Global Fund's resources while the TB share of the total allocation has not been prioritized and remained underfunded for more than 20 years. The low level of the Global Fund's investments for TB is further underlined by the fact that other external funding for the TB response is very limited, versus substantial PEPFAR funding for HIV and the US. President's Malaria Initiative (PMI).

Therefore, there are grave and growing concerns about the adequacy of the Global Fund's allocations for the TB response in eligible countries. The concerns around insufficient allocation for the TB response includes disproportionate funding relative to disease burden. From a number of analyses it has become increasingly clear that the Global Fund allocation of funds between the three diseases is not based on disease burden data and epidemiological context. The allocation methodology is out of step with data, and raises serious doubts about how the Global Fund will achieve its mandate of impact on the diseases when the disease with the highest mortality receives the least proportion of funds.

The Global Fund's hyper focus on HIV/AIDS has led to major concerns that TB programs are not receiving the attention or funding they require and deserve. While for HIV/AIDS, the Global Fund is just one of, with PEPFAR as the largest, funders of the global response, for the global TB response the Global Fund is practically the sole international donor providing 76% of all international financing. Decreasing Global Fund support to HIV by 1% of total country allocations would decrease international financing for HIV by only 0.56%. On the other hand, increasing Global Fund support for TB by 1% of total country allocations would increase international funding for TB by 4.1%.

[1] *Source:* The Global Fund, Results Report 2024 (September 2024), https://www.theglobalfund.org/en/results/.

Moving Toward Fairer and More Impactful Allocations:

Global Fund's next replenishment period 2026-2028 is rapidly approaching and the organization has started discussions at a global level on the funding allocations for the three diseases, i.e., the Global Disease Split (GDS). The Global Fund will make the final decision during its board meeting in November 2024.

An independent evaluation report[2] of the Global Fund Resource allocation methodology published in February 2024 (Ernest&Young) stated that **there is an urgent need to adjust the current GDS to better reflect the epidemiological situation and re-balance the distribution of funding across the three diseases to give more weightage to TB**. The report gave the option of a disease split as HIV-45%, malaria 30% and TB 25% to be applied to the full funding envelope and to all funding scenarios. This could have been a good option for TB as the TB funding would have increased 1.5 times to US$ 3.63 bn if the total allocation reached US$ 14.5 bn. However, the Global Fund Secretariat has not considered this option in the discussions on GDS - citing concerns about significant reductions of HIV and malaria allocations.

As a way forward, Stop TB Partnership had proposed several alternative options to revise the GDS with the principle of more fair allocations to the three diseases.

The Global Fund Secretariat has proposed[3] a set of options 1-4, including one of the Stop TB Partnership's original options – 'Option 2'.

With this paper, the Stop TB Partnership does the following:

- Shares the assessments of each of the Global Fund's proposed options;
- Proposes 'Option 2a' – to address the concerns that at the lower levels of replenishment HIV and Malaria will be heavily impacted;
- Highlights the important challenges with and the need of significant clarifications on the Cost of Essential Programming

IMPORTANT NOTE: the total amount discussed in all scenarios are on the funds available for country allocation, not the total funds received for replenishment. The funds available for country allocation is approximately US$ 1.5 billion less than the total replenishment amount – this has to be kept in mind when assessing the different levels of funding and the likelihood of achieving high levels of replenishment funding. The current funding cycle includes the US$ 1.5 billion on top of allocation, and it includes the Global Fund's Operating Expenses Budget (OPEX), catalytic investments, etc.

Global Fund Option 1 keeps the same proportions of disease split, it clearly lacks fairness in distribution of financial resources (currently available and potential additional) and does not address any concerns previously raised. This option must be outright rejected as it is **not acceptable**.

Global Fund Option 2 aligns with Stop TB's original proposal. TB is prioritized with a meaningful share for TB in both high and low scenarios.

In this option TB will solely benefit from additional funds (compared to the current level) until its share reaches 25% of total (level reached at total allocation of US$ 14.2 bn). The TB

[2] Independent Evaluation of the Global Fund Resource Allocation Methodology. February 2024 https://www.theglobalfund.org/media/14706/iep_gf-elo-2024-02_report_en.pdf

[3] Source: The Global Fund, Update on the Allocation Methodology Review, document GF/SC25/06 for Committee Information, 25th Strategy Committee meeting, 10 July 2024, Geneva, Switzerland

share will remain flat at 25% even at higher total allocation amounts. Option 2 protects TB funding in lower funding scenarios.

In the case that similar or less funding is available (compared to the current level), the TB allocation will not decrease until its share reaches 25% of total (at total allocation of US$ 9.8 bn). For example, for an allocation of US$ 10 bn (replenishment at US$ 11.5 bn) TB will receive US$ 2.44 bn (24.4%), versus HIV 4.61 bn (46.1%) and malaria 2.95 bn (29.5%).

In Option 2, though there is no decrease in funding for HIV and malaria at higher funding scenarios, in lower funding scenarios, the decrease in funding for HIV and to a lesser extent for malaria is a reality. The Global Fund Secretariat has pointed out that this decline may push the HIV and malaria allocations to less than the funding required for "essential programming" from Global Fund resources. The Stop TB Partnership and a few other stakeholders have challenged the concept of "cost of essential programing" (CoEP) because the definition as well as how it is calculated leaves a lot of scope for subjectivity. Nevertheless, in order to address this concern related to CoEP for HIV and malaria, Stop TB is also proposing an alternative Option 2 A.

Option 2A

Options 2 and 2A are the same in higher allocation scenarios but are different for lower (than current) funding levels.

In Option 2A, in lower funding levels, below US$ 13.1 billion and down up to US $ 12 billion TB allocation is protected amount as a flat line and decrease HIV and malaria, ensuring that they do not go below CoEP. At US$ 12 billion CoEP is reached for HIV and malaria and the split is 48.5-20.2-31.3. This split is maintained at lower than US$ 12 billion funding scenarios.

As the CoEP discussions advance, we encourage the Global Fund Secretariat to use the concept of Option 2A for different levels of CoEP, and not to shy away from looking at increasing TB allocations even in lower funding scenarios.

Global Fund Options 3 and 4 are similar but differ in the target split at US$ 12bn in Option 3 and at US$ 13.1bn in Option 4.

Global Fund Option 3 - At US$ 12bn country allocation and above, the target split of 40-25-35 will be reached only at US$ 17bn allocation. The current split (49.6-18.6-31.8) is maintained in funding levels of US$ 12b and below. This leads to prioritizing TB and malaria in higher funding scenarios, which are unlikely to happen.

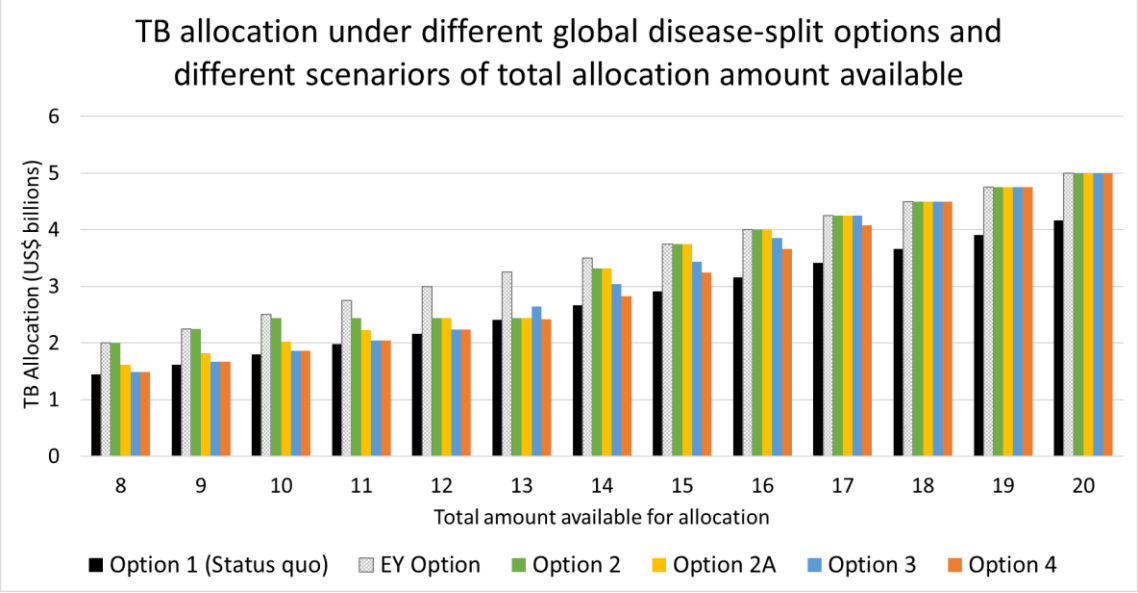
Global Fund Option 4 - The move to a target split of 40-25-35 will be reached only at US$ 18bn. The current split (49.6-18.6-31.8) is maintained at all funding levels of US$ 13.1bn and below. This option prioritizes TB and malaria in higher funding scenarios, though at a more moderate rate than Option 3, with no benefit for TB at current or lower funding scenarios.

IMPORTANT NOTE: In Options 3 and 4, TB share of GDS reaches 25% at the total country allocation level of US$ 17.0 bn (Option 3) and US$ 18.0 bn (Option 4), compared to US$ 14.2 bn in Options 2/2A above.

The table below shows the amounts for the three diseases in different funding scenarios for Options 1-4.

Comparative table with amounts for 3 diseases at various options and funding scenarios															
Country Allocations	Option 1			Option 2			Option 2A			Option 3			Option 4		
	HIV	*Malaria*	*TB*	*HIV*	*Malaria*	*TB*	*HIV*	*Malaria*	*TB*	*HIV*	*Malaria*	*TB*	*HIV*	*Malaria*	*TB*
9.0	4.50	2.88	1.62	4.05	2.70	2.25	4.36	2.82	1.82	4.46	2.86	1.67	4.46	2.86	1.67
10.0	5.00	3.20	1.80	4.61	2.95	2.44	4.85	3.13	2.02	4.96	3.18	1.86	4.96	3.18	1.86
11.0	5.50	3.52	1.98	5.21	3.34	2.44	5.34	3.44	2.22	5.45	3.50	2.05	5.45	3.50	2.05
12.0	6.00	3.84	2.16	5.82	3.74	2.44	5.81	3.75	2.44	5.95	3.82	2.23	5.95	3.82	2.23
13.0	6.45	4.14	2.41	6.43	4.13	2.44	6.43	4.13	2.44	6.12	4.24	2.64	6.44	4.14	2.42
14.0	6.90	4.44	2.66	6.51	4.18	3.31	6.51	4.18	3.31	6.29	4.67	3.04	6.62	4.56	2.82
15.0	7.35	4.74	2.91	6.75	4.50	3.75	6.75	4.50	3.75	6.46	5.10	3.44	6.77	4.99	3.24
16.0	7.80	5.04	3.16	7.20	4.80	4.00	7.20	4.80	4.00	6.63	5.52	3.85	6.91	5.43	3.66
17.0	8.25	5.34	3.41	7.65	5.10	4.25	7.65	5.10	4.25	6.80	5.95	4.25	7.06	5.86	4.08
18.0	8.70	5.64	3.66	8.10	5.40	4.50	8.10	5.40	4.50	7.20	6.30	4.50	7.20	6.30	4.50

- TB funding is best protected in lower allocation scenarios with Option 2
    - In Option 2 A, the concern for a lower % funding for HIV and malaria is addressed
- The overall TB funding is higher in Option 2 and Option 2 A, compared to Option 3.
- Option 3 is better for TB than option 4



Cost of Essential Programing (CoEP)

The Global Fund is using the concept of CoEP in the discussions on Global Disease Split, but this concept is flawed because of the following issues:

1. The CoEP definition is not specific enough, and this increases potential for subjectivity in classifying various proportions of modules and interventions funded in country grants as CoEP.

a. A clear example of this is the different levels of CoEP that Global Fund Secretariat presented in two different documents for the Strategy Committee, dated 26 June 2024[4] and 10 September 2024[5].

2. Because the GF TB components of the grants are small, a large proportion of essential TB services are not included in the Funding Requests, and thus these services are in the funding gap.
    a. For example, a lifesaving and essential activity for TB programs is to offer rapid molecular tests to all people who seek diagnosis of TB,. However, half of such people are unable to access rapid molecular testing because a large proportion of the reagents/cartridges needed for these tests ends up in the funding gap or in the 'above-allocation' unfunded part of the funding request.

The CoEP concept and data are not robust enough to be used in important discussions on GDS.In case CoEP is still used, it needs to be further developed , and Global Fund needs to make available more data on it in a transparent manner.

We believe that there are several costs within CoEP which are not lifesaving and should not be considered as CoEP.

In conclusion:

1- The most preferred option is the option provided in the independent *Evaluation of the Global Fund Allocation Methodology: Final Report* (EY, February 2024) of a disease split HIV 45%, malaria 30% and TB 25%, to be applied to the full funding envelope and to all funding scenarios.
2. Among the options provided by the Global Fund Secretariat the preferred order of Options is:
    1. Option 2
    2. Option 2A
    3. Option 3
3. Option 1 and Option 4 **must be totally rejected**.
4. CoEP, in its current concept and format, should not be used for defining or adjusting the GDS formula".

_____

Annex 1 has details on the 4 options and includes data, visualization, impact on TB allocations and summary of interpretations from the data.

Annex 2: Deaths versus allocation.

_____

[4] *Update on the Allocation Methodology Review* (GF/SC25/06; 25th Strategy Committee; 10 July 2024, Geneva, Switzerland; For Committee Information)
[5] SC Informal Pre-Call Sustainability Decisions: DRAFT information on Eligibility, Allocation Methodology, STC & Catalytic Investments; 10 September 2024

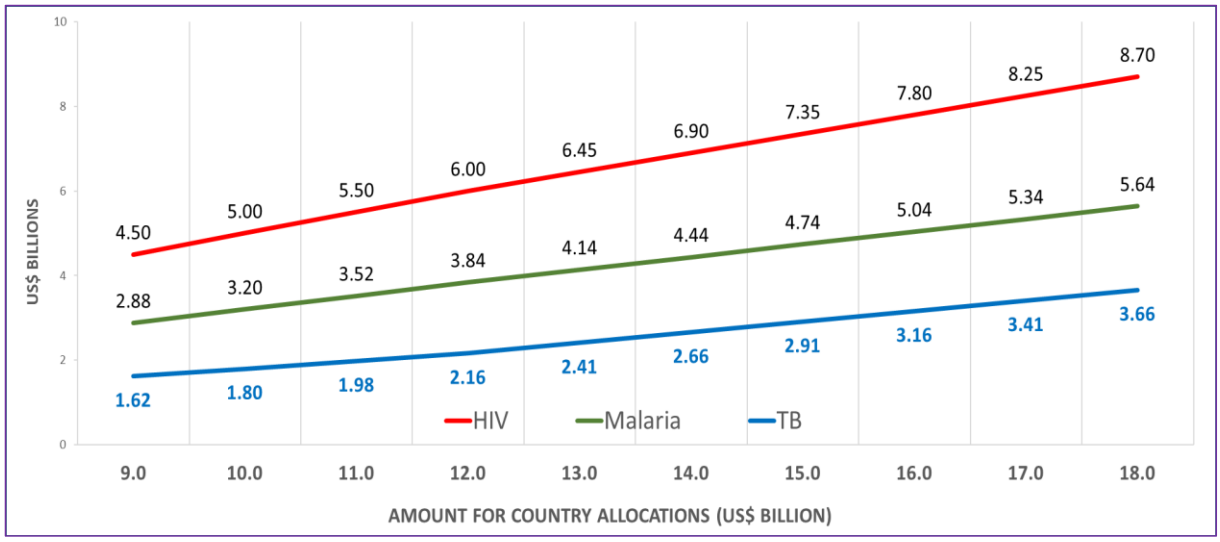
Annex 1

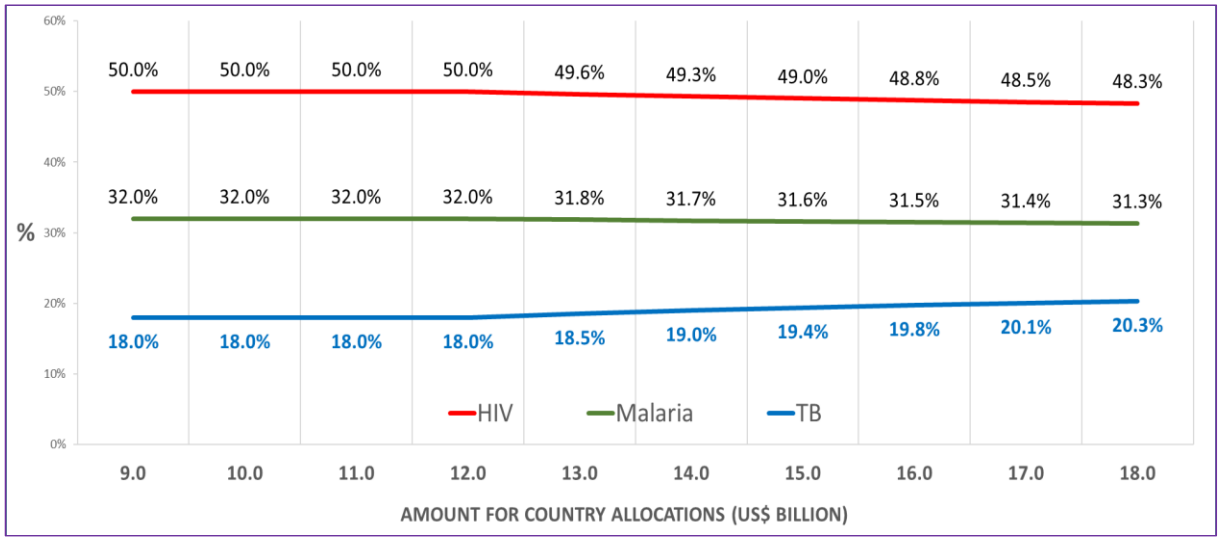
NOTE: Throughout the document, 'Total Allocation' means the amount of funding available for country allocations (not the replenishment amount), i.e., the same approach used by the Global Fund Secretariat. The 'Replenishment amount' is usually US $1.5 billion higher than the 'total allocation' amount to accommodate opex, catalytic investments etc.

Option 1 Status quo split

Split approved for GC7 (The Global Fund Board, November 2021):

- Apply 50-18-32 split up to and including US$ 12 bn for allocations;
- At additional funding levels above US$ 12 bn, apply 45-25-30 split.





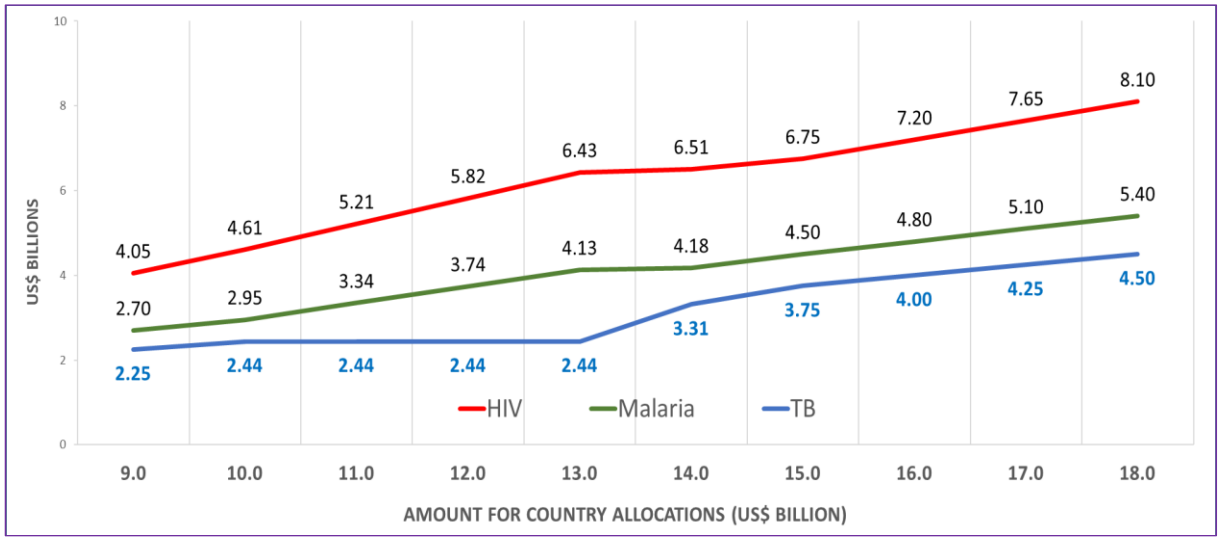
Effect on TB allocations:

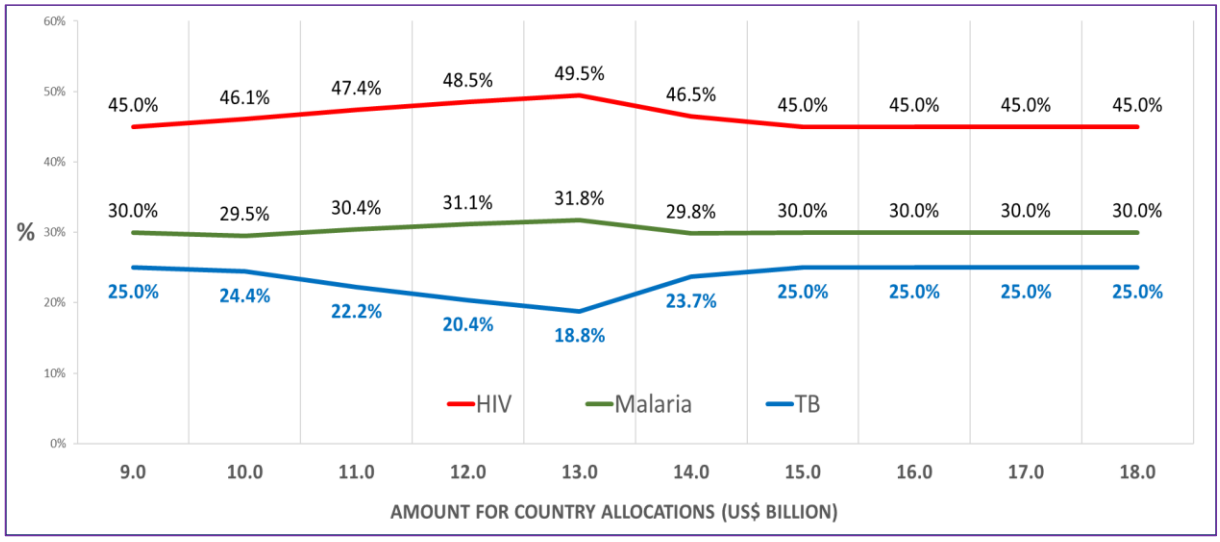
TB funding increases…	*when total country allocation is (US$ billion)…*	*TB share reaches…*	*when total country allocation is (US$ billion)…*
1.5 times	18.9	21%	20.7
2 times	22.7	23%	41.0
3 times	32.7	25%	1,680 (=never)

Option 2 Stop TB Partnership proposal

Stop TB paper presented 3 approaches, including this one:

- Above US$ 13.1 bn: move to a target split of 45-25-30 (target is reached at approximately US$ 14.5bn in this option);
- Below US$ 13.1 bn: keep TB funding flat and decrease HIV and malaria proportionally until reaching target split of 45-25-30.





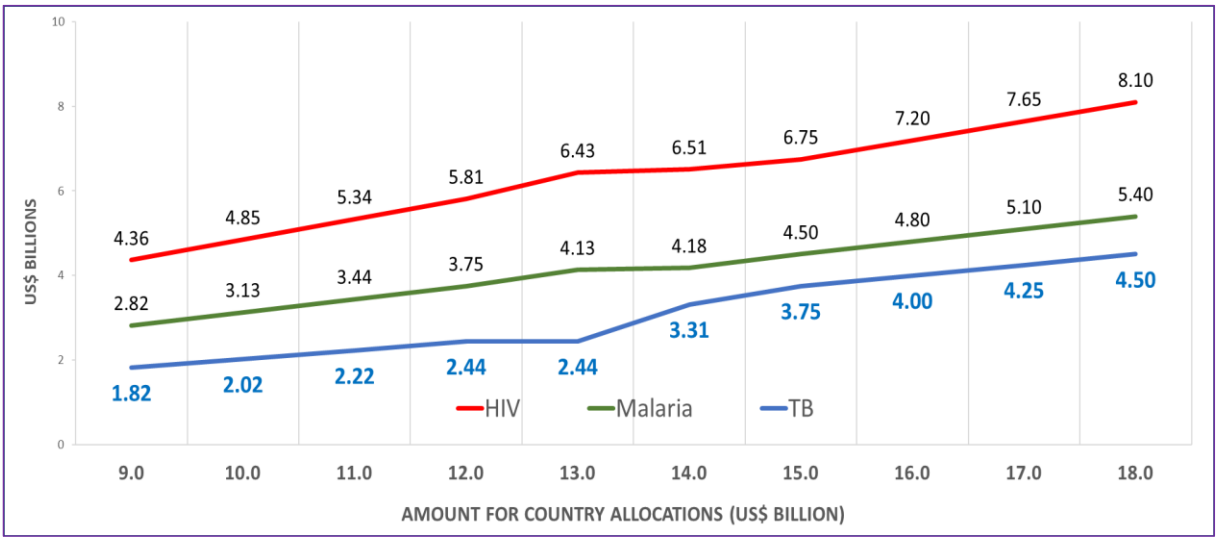
Effect on TB allocations:

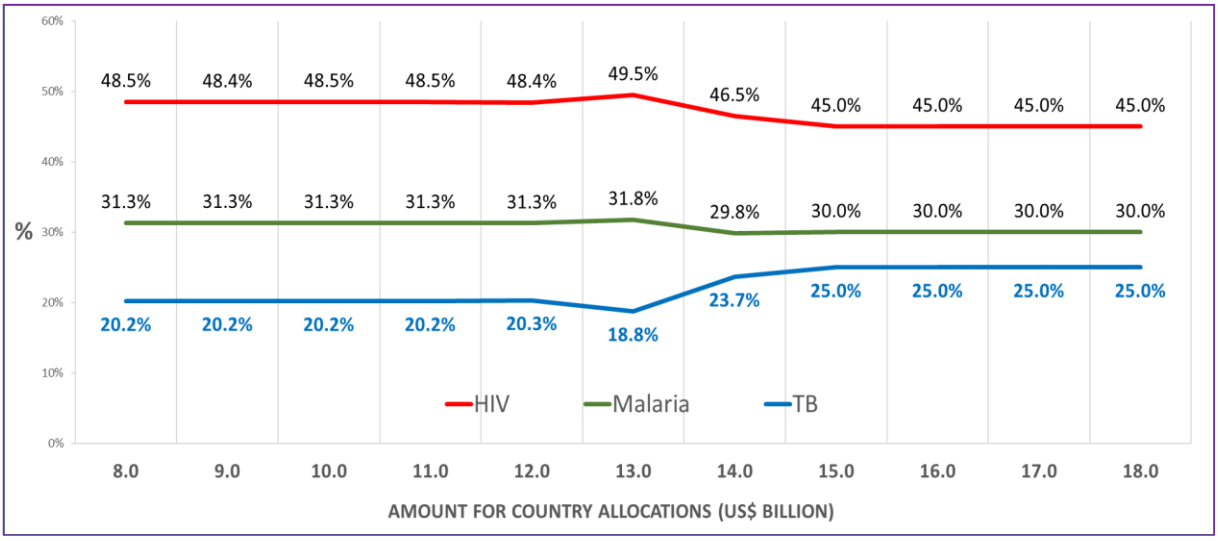
TB funding increases…	*when total country allocation is (US$ billion)…*	*TB share reaches…*	*when total country allocation is (US$ billion)…*
1.5 times	14.6	21%	11.6 / 13.5
2 times	19.5	23%	10.6 / 13.9
3 times	29.3	25%	9.8 / 14.2

Option 2A Stop TB Partnership proposal (modified)

Stop TB Partnership, modified option 2 (July 2024):

- Above US$ 13.1 bn: move to a target split of 45-25-30 (same as option 2);
- Below US$ 13.1 bn: Up to US $ 12 bn protect TB allocation amount as a flat line and decrease HIV and malaria, ensuring that they do not go below minimum costs for essential programming. At US$ 12 bn minimum cost for essential programing is reached for HIV and malaria and the split is 48.5-20.2-31.3. This split is maintained at lower than US$ 12 bn scenarios.





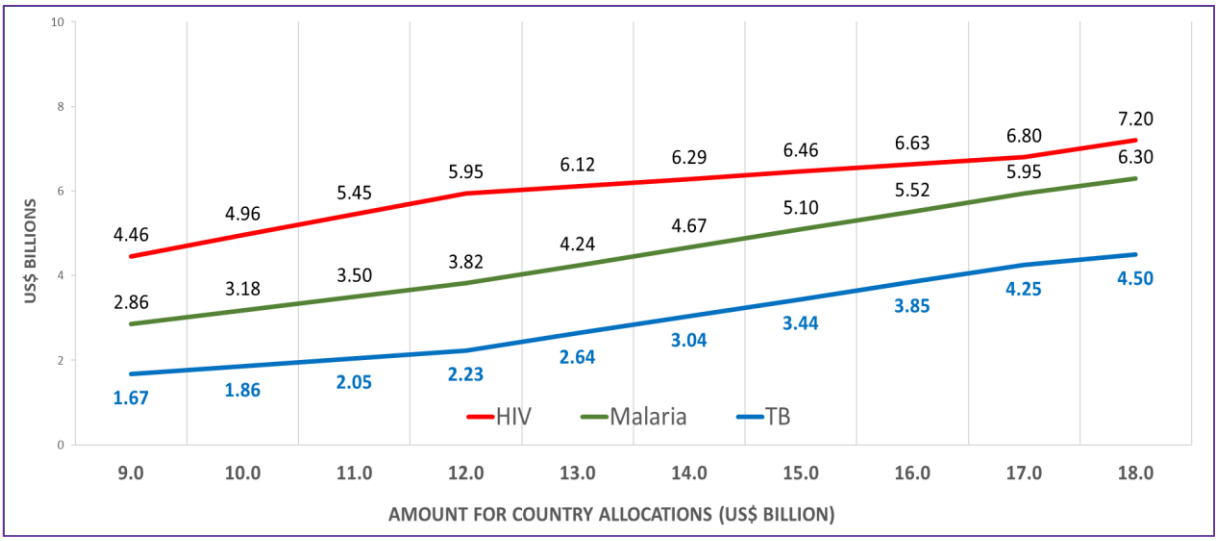
Effect on TB allocations:

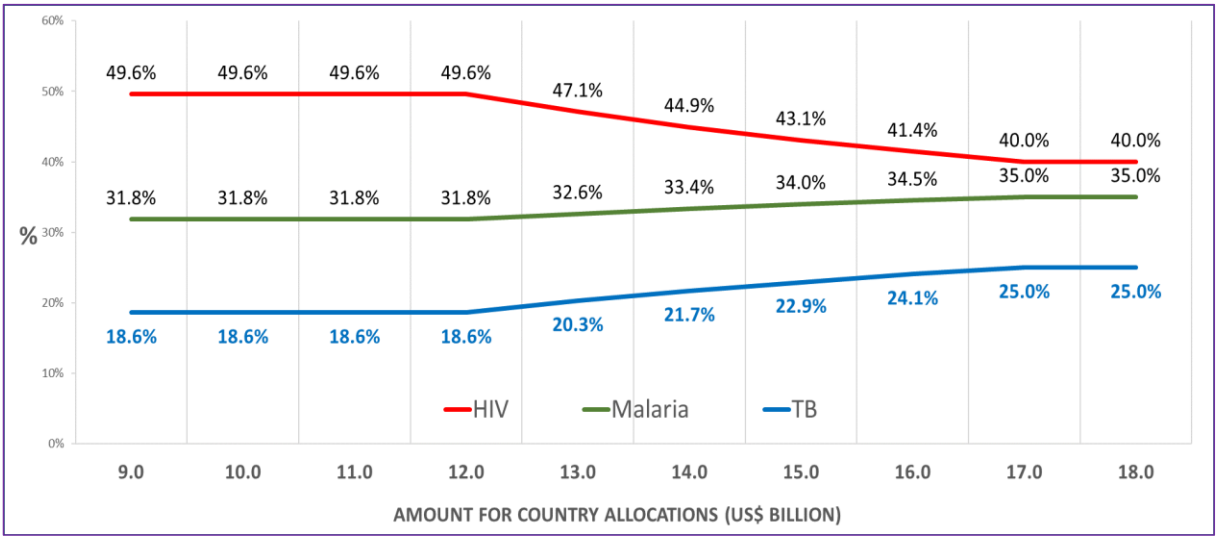
TB funding increases…	*when total country allocation is (US$ billion)…*	*TB share reaches…*	*when total country allocation is (US$ billion)…*
1.5 times	14.6	21%	13.5
2 times	19.5	23%	13.9
3 times	29.3	25%	14.2

Option 3 Fast Target Split

Approach:

- At U$ 12 bn and above: move to a target split of 40-25-35 to be reached at US$ 17 bn;
- Maintain current effective split (49.6-18.6-31.8) in funding levels of US$ 12 bn and below.





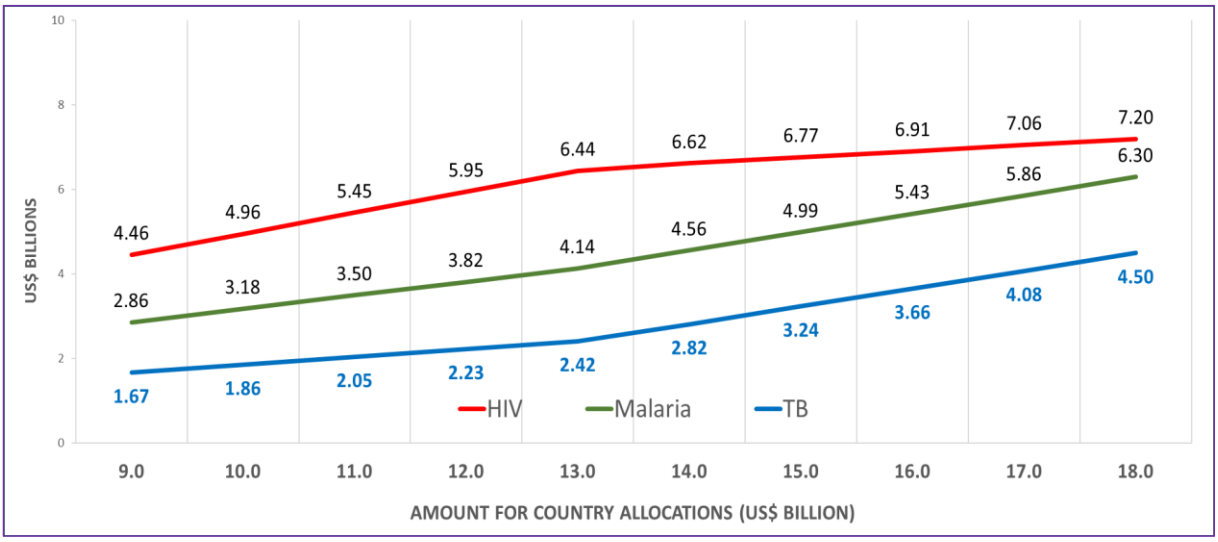
Effect on TB allocations:

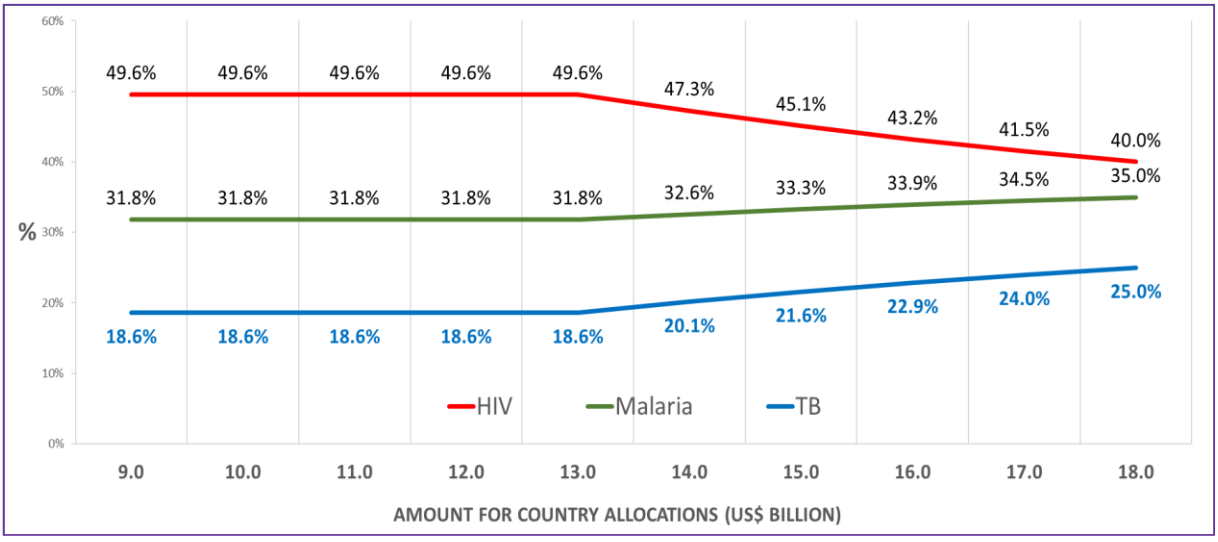
TB funding increases…	*when total country allocation is (US$ billion)…*	*TB share reaches…*	*when total country allocation is (US$ billion)…*
1.5 times	15.5	21%	13.5
2 times	19.5	23%	15.1
3 times	29.3	25%	17.0

Option 4 Moderate Target Split

Approach:

- At US$ 13.1 bn and above: move to a target split of 40-25-35 to be reached at US$ 18 bn;
- Maintain current effective split (49.6-18.6-31.8) in funding levels of US$ 13.1 bn and below.



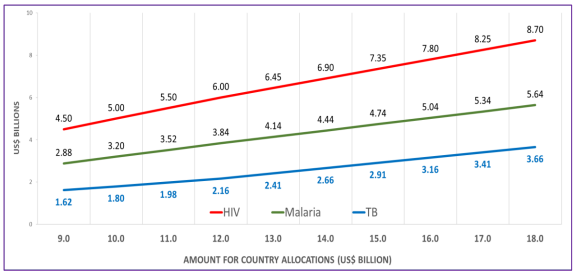
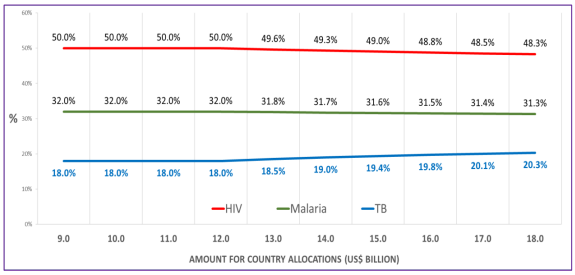
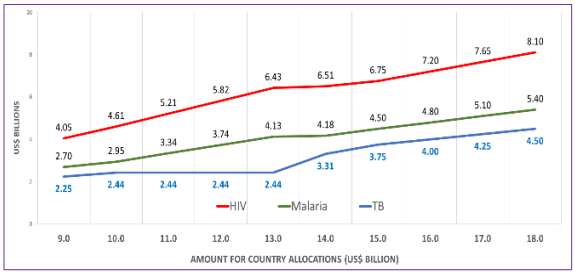
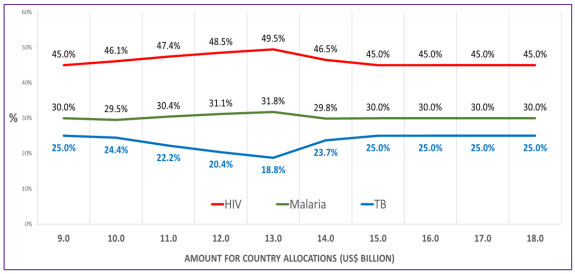
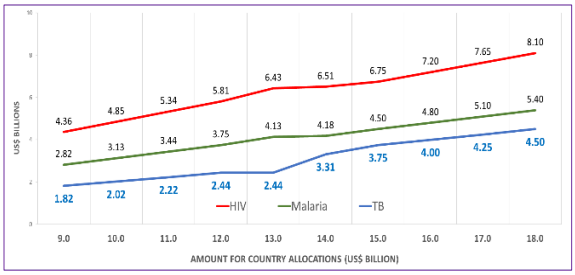
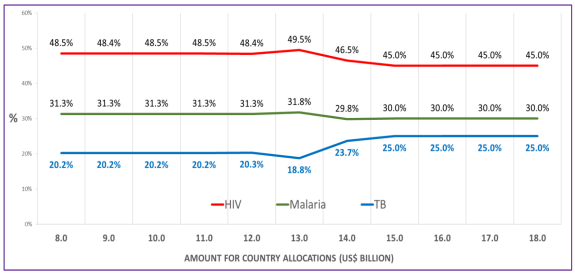
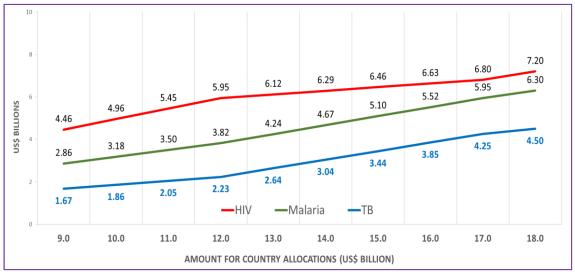
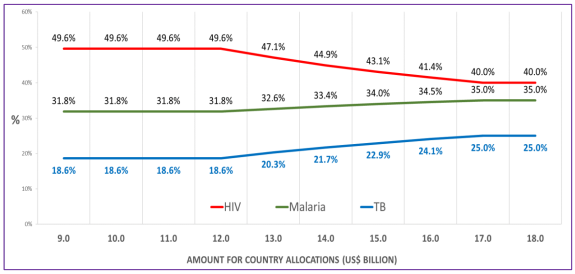
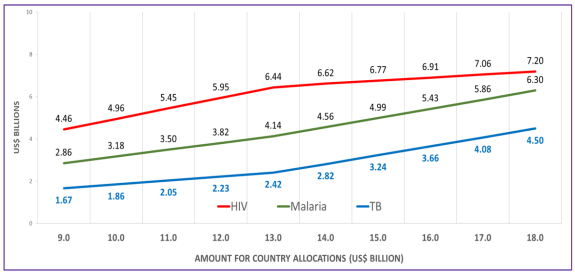
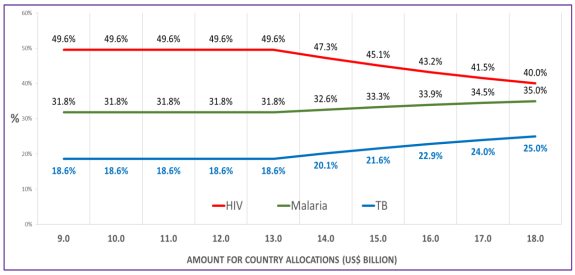


Effect on TB allocations:

TB funding increases…	*when total country allocation is (US$ billion)…*	*TB share reaches…*	*when total country allocation is (US$ billion)…*
1.5 times	16.0	21%	14.4
2 times	19.5	23%	16.1
3 times	29.3	25%	18.0

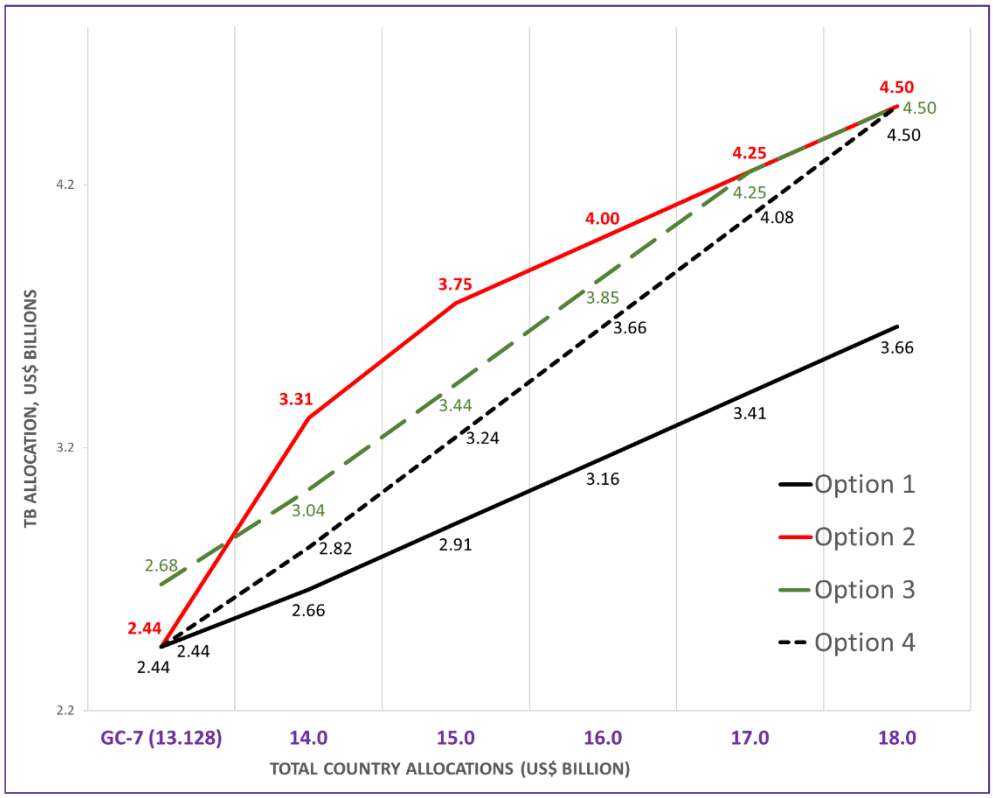
Additional visualizations

All options at a glance, absolute amount and share in GDS:

	US$ billion	% share in GDS
1		
2		
2 A		
3		
4		

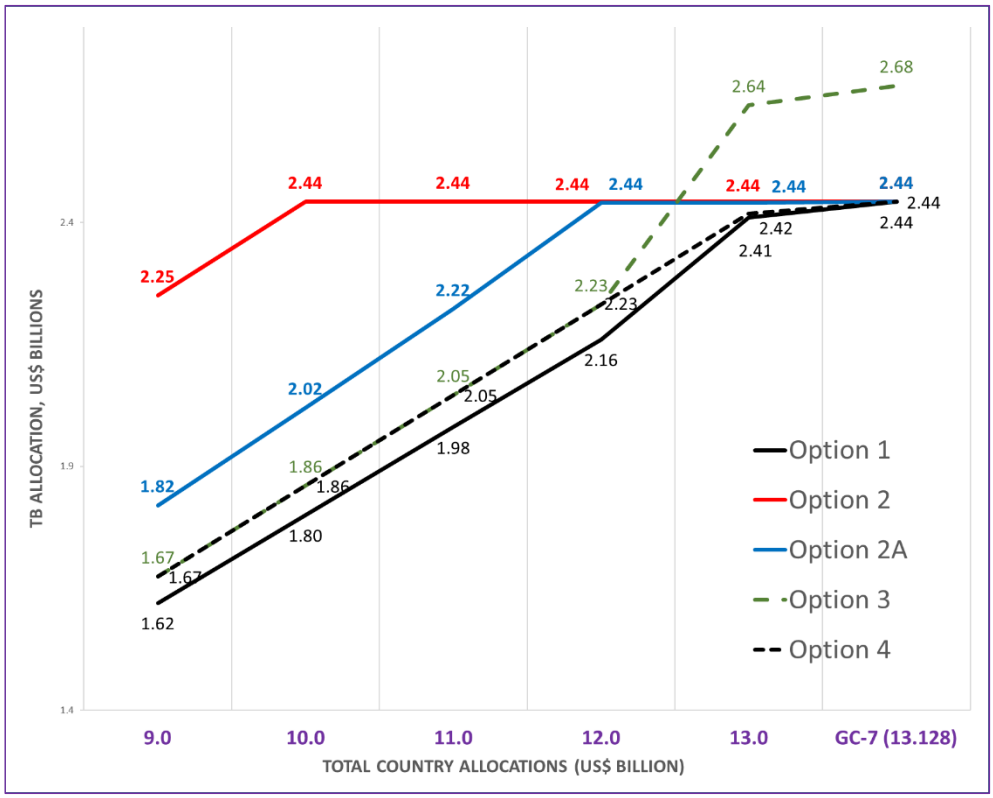
TB Allocation amounts by Option in different replenishment scenarios:

A. Higher replenishment scenario (funding available for country allocations US$ 14-18 bn)



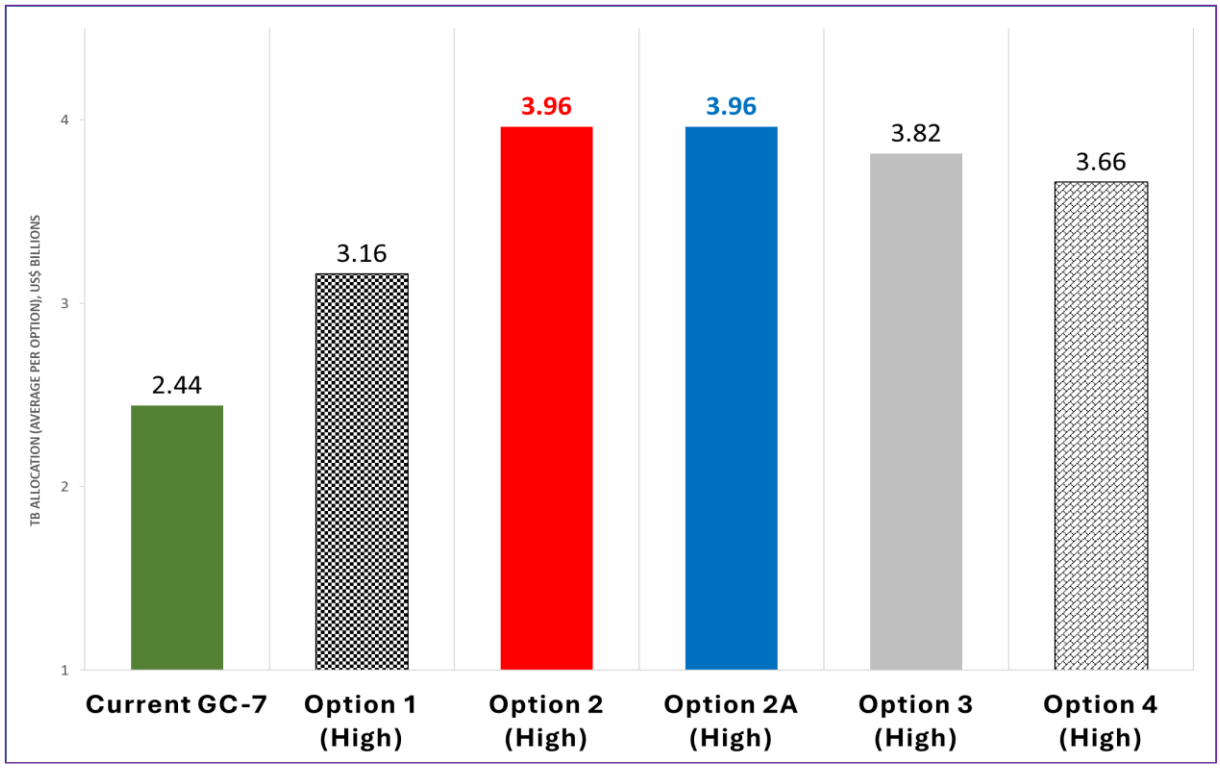
Note: In higher replenishment scenario, Option 2A is equal to Option 2

B. Lower replenishment scenario (funding available for country allocations US$ 9-13 bn)

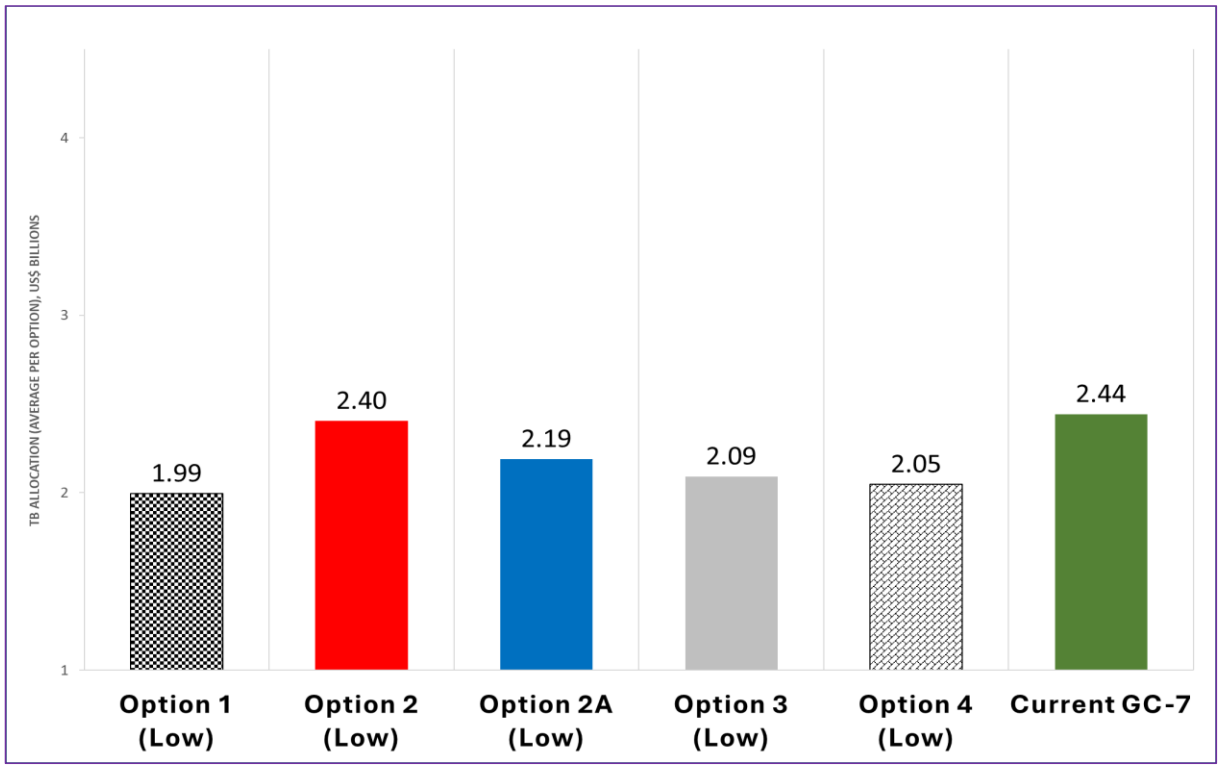


<u>Average</u> TB Allocation amounts by Option in different replenishment scenarios:

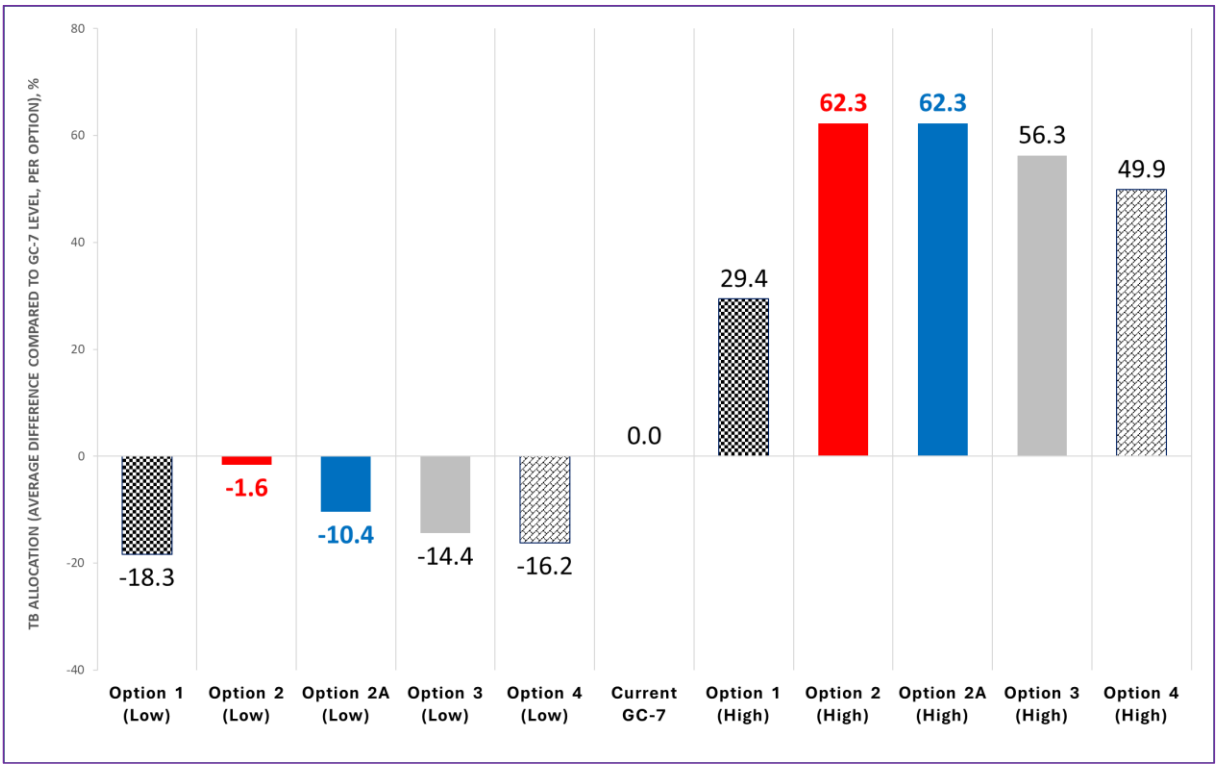
A. Higher replenishment scenario (resulting in funding available for country allocations US$ 14-18 bn)



B. Lower replenishment scenario (resulting in funding available for country allocations US$ 9-13 bn)



<u>Average</u> percentage change in TB Allocation amounts by Option in different replenishment scenarios:



Summary

Option 1:

- A key problem with the current GDS is the lack of fairness in distribution of financial (currently available and potential additional) resources.
- The funding gap between the diseases increases at higher funding levels. For example:
  - At total country allocation US$ 13.1 bn, the gap (difference) between HIV and TB is US$ 4.07 bn;
  - At total allocation US$ 15 bn, this gap will increase to US$ 4.44 bn;
  - At total allocation US$ 17 bn, this gap will increase to US$ 4.84 bn.
- The current GDS formula does not allow for meaningful increases in TB allocations:
  - TB funding will double if total allocation reaches US$ 22.9 bn (a highly improbable scenario given current global funding climate for health);
  - TB share will reach 25% if total allocation is US$ 1,680 bn (completely unrealistic!).

Options 2 and 2A:

- TB is prioritized as the least funded component.
- Options 2 and 2A are the same in higher allocation scenarios, but are different for lower (than current) funding levels.
- In higher funding scenarios, Options 2 and 2A provides for meaningful increases in TB allocations:
  - TB will solely benefit from 'additional' funds (compared to the current level) until its share reaches 25% of total (at total allocation of US$ 14.2 bn). TB share will remain flat at 25% at higher total allocation amounts.
  - At total allocation of US$ 14.6 bn (realistic), TB funding will increase 1.5 times;
- Option 2 protects TB funding in lower funding scenarios. In case that similar or less amount of funding is available (compared to the current level), TB allocation will not decrease until its share reaches 25% of total (at total allocation of US$ 9.8 bn).
- Option 2A does not protect TB funding in lower funding scenarios. Instead, at US$ 12 bn total country allocation, it proposes the split is 48.5-20.2-31.3 to meet the minimum costs for essential HIV and malaria programming. This split is maintained at lower than US$ 12 bn scenarios.

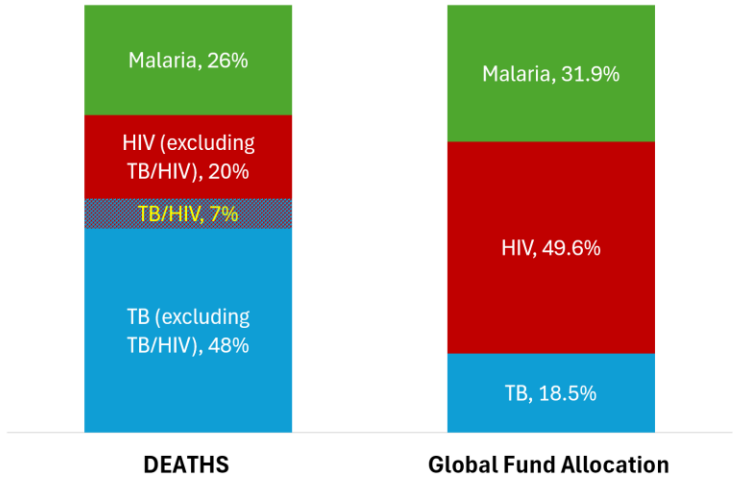
Options 3 and 4:

- Prioritizes malaria in higher funding scenarios.
- Provides for some increase in TB allocations (at the expense of HIV).
- The increase in TB funding is more tangible in Option 3 (including at the current allocation level of US$ 13.1 bn).
- The TB share in GDS reaches 25% at the total country allocation level of US$ 17.0 bn (Option 3) and US$ 18.0 bn (Option 4), compared to US$ 14.2 bn in Options 2 and 2A above.
- The funding gap decreases substantially between HIV and malaria.
- The funding gap also decreases between HIV and TB, but not very significantly (especially in Option 4)
- The funding gap between malaria and TB increases.

Annex 2

Stop TB Partnership

Global Fund allocation not based on data



Deaths: WHO estimates 2022; n=2.368 million | Allocations: GC7, total $13.088 billion

TB deaths (including in PLHIV) is more than HIV and malaria deaths put together

How will Global Fund achieve its mandate of impact on the 3 diseases when the disease with highest mortality gets the least proportion of funds?