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## CATALYTIC INVESTMENTS: \$800 MILLION FOR MATCHING FUNDS, MULTI-COUNTRY APPROACHES, AND STRATEGIC INITIATIVES

The Global Fund Board has approved \$800 million to be set aside for catalytic investments over the 2017-2019 grant cycle. These investments are intended to catalyze country allocations to ensure they deliver results against the aims of [2017-2022 Global Fund Strategy](#).

The 2017-2019 allocation methodology provided for “up to” \$800 million to be spent on catalytic investments, meaning it could be less, depending on available funds. Following the [success of the Fifth Replenishment](#) in Montreal in September, where nearly \$13 billion was pledged, the Global Fund’s Strategy Committee recommended to the Board that the full \$800 million be made available for catalytic investments.

Catalytic investments will have three distinct modalities: (1) matching funds, (2) multi-country approaches and (3) strategic initiatives.

- Matching funds are intended to incentivize the programming of allocations towards key strategic priorities, including for key and vulnerable populations, human rights, data strengthening, among others. Matching funds will be awarded at the time of funding request review.
- Multi-country approaches will target a limited number of key, strategic multi-country priorities deemed critical to meet the aims of the Global Fund’s 2017-2022 Strategy. These approaches will include those which are unable to be addressed through country allocations alone.
- Strategic initiatives will provide limited funding for centrally managed approaches that cannot be addressed through country allocations due to their cross-cutting nature, or because they do not align

neatly with grant cycles. These initiatives are deemed critical to ensure country allocations deliver against the Global Fund's 2017-2022 Strategy.

The specific catalytic investment priorities, by modality, are presented in the Table below:

Table: Catalytic investments for the 2017-2019 allocation period

Modalities and Investment Priorities	Amount to be invested over 2017-2019
Matching Funds	\$356 million (44.5% of catalytic funds)
HIV – Key Populations Impact	\$50 million
HIV – Human Rights	\$45 million
HIV – Adolescent Girls and Young Women	\$55 million
Incentivising Programming of Allocations to find missing TB Cases	\$115 million
Catalyzing Market Entry of New Long Lasting Insecticide Treated Nets(LLINs)	\$33 million
Integration of Service Delivery and Health Workforce Improvements	\$18 million
Data systems, data generation and use for programmatic action and quality improvement	\$40 million
Multi-country Approaches	\$272 million (34% of catalytic funds)
HIV Key Populations Sustainability and Continuity	\$50 million
TB Multi-country Responses	\$65 million
Malaria Elimination: Southern Africa	\$20 million
Malaria Elimination: Mesoamerica	\$6 million
Malaria in the Greater Mekong Sub-region	\$119 million
Procurement and supply chain management – Developing Local Resources	\$12 million
Strategic Initiatives	\$172 million (21.5% of catalytic funds)
Addressing Specific Barriers to Finding Missing TB cases, Especially in Key Populations and Vulnerable Groups	\$7 million
Development of Community and Innovative Approaches to Accelerate Case Finding	\$3 million
Malaria Elimination: Cross-cutting Support in 21 Low Burden Countries	\$7 million
Catalyzing Market Entry of New Long Lasting Insecticide Treated Nets(LLINs)	\$2 million
Piloting Introduction of the RTS,S Malaria Vaccine	\$15 million
Sustainability, Transition and Efficiency	\$15 million
Technical Support, South-to-South Collaboration, Peer Review and Learning	\$14 million
Data systems, data generation and use for programmatic action and quality improvement	\$10 million
Procurement and supply chain management – Diagnosis and Planning	\$20 million
Procurement and supply chain management – Innovation Challenge Fund	\$10 million
Pre-qualification of Medicines and in vitro diagnostics (IVDs)	\$12 million
Community, rights and gender (CRG)	\$15 million
TERG Prospective Evaluations	\$22 million
Emergency Fund	\$20 million
TOTAL	\$800 million

These catalytic investment priorities represent several significant differences from the last grant cycle in 2014-2016. Most notably, incentive funding is no longer part of the Global Fund's grant-making architecture. Instead, matching funds will stimulate investment within country grants that are evidence-based, high-impact and which perform against the objectives in the Global Fund's new Strategy.

There is broad consensus that incentive funding was not achieving its desired effect – to stimulate ambitious and innovative approaches in the concept notes. In its [consolidated report](#) on concept notes submitted during the 2014-2016 grant period, the Global Fund's Technical Review Panel noted that incentive funding in its current form has not fulfilled its purpose of stimulating ambitious programs and

innovative approaches in the concept notes. Instead, countries would often include essential services or core programming in their incentive funding requests rather than within allocation, while others who were eligible to apply for incentive funding did not request any at all. With matching funds, the Global Fund will be able to focus additional investments on innovative and impactful programming at country level with better precision. It is important to note that the funding level for this modality is significantly less than it was previously. In the 2014-2016 grant cycle there was \$950 million set aside for incentive funding, whereas matching funds have been allocated about a third of this amount (\$356 million).

For multi-country approaches, there are several important changes. First, there is no longer a distinction between regional grants (a grant with a value-add from taking a regional approach) and multi-country grants (one that brings together several small island economies and/or other small countries that would typically not apply individually due to inherent administrative inefficiencies); now, they are all called multi-country approaches. There is also far more money in the multi-country approaches pot. In the 2014-2016 grant cycle, regional grants were allocated \$200 million. In 2017-2019 there is \$272 million set aside.

Priorities for multi-country approaches are now pre-defined by the Global Fund, whereas before, prospective applicants would submit expressions of interest on a region and a program of their choosing and be invited to submit a concept note if the approach was deemed relevant and technically sound. As examples, multi-country approaches for HIV must now focus squarely on the sustainability and continuity of key populations programming, while multi-country approaches for malaria must be targeted at elimination in Southern Africa and Mesoamerica or at programs in the Greater Mekong Sub-region.

Strategic initiatives also look quite different than they did in 2014-2016. As with multi-country approaches, they have also been re-branded: what was called a “Special Initiative” in 2014-2016 is now a “Strategic Initiative” for 2017-2019.

While there were 6 Special Initiatives in the 2014-2016 period (see [GFO article](#)), there are 14 Strategic Initiative for the coming grant cycle. Many of these are new, some are continuations and others have been changed significantly. There are three new Strategic Initiatives specifically for malaria – one targeting elimination, another to support the roll-out of new long-lasting insecticide treated bed nets, and a third to pilot a new malaria vaccine.

The Community, Rights and Gender (CRG) Strategic Initiative has been approved for \$15 million, the same level of investment as the 2014-2016 CRG Special Initiative. The Emergency Fund Strategic Initiative will be allocated \$20 million, which is \$10 million less than the Emergency Fund Special Initiative received in 2014-2016. Other former Special Initiatives, like the WHO-Stop TB Partnership Agreements have been changed and expanded significantly, though both partners will remain involved in providing technical assistance and in strengthening malaria and TB Global Fund grants.

The value for money and sustainability special initiative, which received \$9 million over the 2014-2016 period, no longer exists. Instead, there will be a new Sustainability, Transition and Efficiency Strategic Initiative, receiving \$15 million. This Strategic Initiative is particularly critical, given the Fund’s new [Sustainability, Transition and Co-Financing Policy](#) as well as its recently published [list of countries projected to transition](#) from Global Fund support by 2025. The Developed Country NGO Delegation to the Global Fund Board has issued a statement, raising concern that large amounts of money from the Sustainability, Transition and Efficiency Strategic Initiative could easily be swallowed on addressing low domestic spending on health across the development continuum. The Delegation indicates that this funding should address the highly urgent funding needed for those countries that are transitioning immediately or in the near future.

There is also significantly more money to back these Strategic Initiatives. \$172 million has been allocated for Strategic Initiatives in 2017-2019, compared to \$100 million for Special Initiatives in 2014-2016.

Some areas of investment have both matching funds and Strategic Initiatives dedicated to them. These include Catalyzing Market Entry of New Long Lasting Insecticide Treated Nets as well as Data systems, data generation and use for programmatic action and quality improvement. This means that these strategic initiatives will need to work closely with the country level programs to ensure that matching fund investments are leveraged for optimal results against the Global Fund's new Strategy.

Information in this article comes from the Board paper GF/B36/04, presented at the 36<sup>th</sup> meeting of the Global Fund Board on 16-17 November 2016 in Montreux, Switzerland. All Board documents will be made public on the Global Fund's website.

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