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Independent observer  
of the Global Fund

Countries “will be confronted with some extremely difficult choices, as they work out how to sustain continuity of essential services while also investing in the new strategic priorities.” says Peter Sands

As is customary, the Board meeting began its 48th session with the report by the Executive Director (ED), who reviewed the Secretariat’s activities over the past six months. He began his speech by depicting a gloomy and challenging environment: COVID-19 still affecting countries, climate change hazards such as the floods in Pakistan, the war in Ukraine and its consequences for food and fuel prices, are some of the many challenges in 2022.

Amidst this challenging picture, the Seventh Replenishment was affected by the global macroeconomic and geopolitical context. Although the ED acknowledged the remarkable achievement of securing \$14.25 billion (\$15.45 billion with the recently announced UK pledge) and the participation of 18 heads of state, mostly from the G7, Peter Sands foresees “the entire partnership and above all, countries and communities, will be confronted by some very difficult trade-offs”.

#### Progress against 2022 priorities

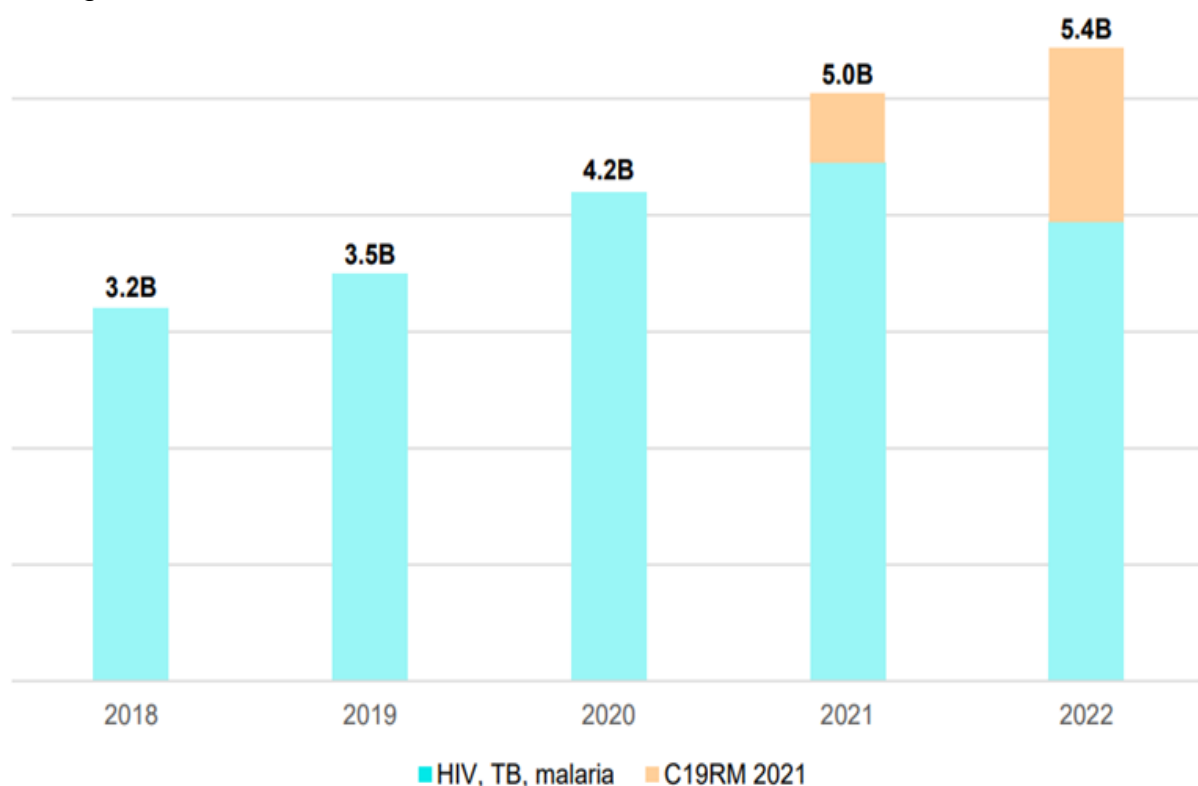
##### Get back on track in the fight against HIV, TB, and malaria

In 2021, many countries managed to recover, with key metrics returning to near or above 2019 levels. In 2022, these positive trends have continued in most countries, supported by record levels of investment across both the core HIV, TB and malaria (HTM) portfolio and the COVID-19 Response Mechanism (C19RM).

For HIV, TB and malaria, disbursement for the Sixth Replenishment grant cycle (GC6) stands at \$5.2

billion as at June 2022, or 89% of budget. This is an increase of 27%, or \$1.1 billion, versus the last cycle. The Global Fund is on track to deliver on its absorption target. As of June 2022, GC6 in-country absorption (ICA) was 67% (for High-Impact and Core countries based on proximal data), compared to 59% at the same point in the previous cycle.

Figure 1. Annual total disbursements across C19RM and HIV, TB and malaria



In terms of disease indicators, it seems that the positive trends achieved in 2021 are generally being continued. For example, in both Q1 and Q2 2022, Principal Recipients (PRs) reported 84% of modules across all diseases (in High-Impact and Core countries) as on-track or only experiencing minor issues, compared to 80% in Q4 2021 and 70% in Q3 202. However, despite the overall recovery, there is still some way to go to recover lost ground in infections and deaths. Moreover, there are a significant number of countries where conflict (e.g., Afghanistan, Myanmar, Ukraine) or climate change-related extreme weather events (e.g., Mozambique, Pakistan) have hampered progress.

Peter Sands also highlighted the record pace in building resilient and sustainable systems of health (RSSH). In 2022, the Global Fund will invest approximately \$1.5 billion in formal and community systems for health.

### Mitigate the impact of COVID-19

By October 2022, the Global Fund had raised almost \$5.0 billion and approved \$4.4 billion for 125 countries and regional programs. Countries' needs have evolved along with the pandemic. Up to \$500 million of awards have been reprogrammed within countries, and the Secretariat is working with implementing partners to invest a further \$867 million, combining portfolio optimization of \$400 million from existing awards and \$467 million of unawarded funds.

Countries' funding requests (FRs) reflect their changing priorities, with less emphasis on the immediate COVID-19 response and greater focus on mitigating the impact on HTM and reinforcing key health systems components, such as disease surveillance and community health workers. Of the \$1.7 billion in

FRs submitted as part of the current portfolio optimization exercise, only 19% is for the immediate COVID-19 response, 56% is for urgent improvements to health and community systems and 25% is to mitigate the impact on HTM.

C19RM absorption thus far appears low relative to the HTM grants, with an ICA of 60% (June 2022) for C19RM 2020 (with the balance rolled in C19RM 2021) and 25% for C19RM 2021. However, this should be seen in the context of the relatively short implementation time frame (most C19RM 2021 awards were made in the second half of 2021) plus a deliberate effort to enable countries to modify investment plans as the pandemic has evolved, and as new diagnostic and treatment options have emerged.

Given how rapidly the epidemiology and perceived threat from COVID-19 have changed, Peter Sands acknowledged that the countries' priorities have also changed: "from the start of the pandemic, our aim has been to ensure that C19RM remains responsive to the rapid evolution of needs, so that we maximize the impact of every dollar".

### Drive efficiency and effectiveness

In terms of effectiveness, Peter Sands highlighted significant steps to improve the Secretariat's ability to deliver impact across multiple dimensions of the activity. For example:

- Following Board approval of the new Independent Evaluation Function, a Chief Evaluation and Learning Officer (CELO) was appointed and the Independent Evaluation Panel (IEP) established. Together, the CELO and IEP are designing an evaluation calendar and priorities. This is an important step in enhancing the Global Fund partnership's effectiveness through learning and continuous improvement, and it is central to the more rigorous Monitoring and Evaluation Framework put in place to support implementation of the new Strategy.
- To complement this, the new monitoring activities were reconfigured into a new Programmatic Monitoring Department (PMD). The PMD reports to the Chief Risk Officer as part of a new division, the Programmatic Monitoring and Risk Division. A PMD Head is being recruited.
- On the critical issue of the prevention of sexual exploitation and harassment (PSEAH), Peter Sands emphasized the significant progress made during 2022. Following endorsement of the PSEAH risk management plan and rollout schedule, the Secretariat adopted a risk-based approach to acting on critical areas such as awareness building, grant-level risk management and prevention, capacity building, case management, and victim support. The Secretariat increased PSEAH resources.

### Invest in people

"2022 has been an extremely demanding year for the staff of the Secretariat, as it has also been for many of our partners" acknowledged Peter Sands. He mentioned the "worrying signs of overstretch", visible through untaken leave, which has reached record levels, and those unable to work because of long-term sickness or burnout.

The ED explained that the Secretariat sought to alleviate the pressure on staff by rigorous prioritization, streamlining processes and additional hiring. However, he acknowledged that the new Strategy adds priorities (as evidenced by the 30% increase in required documentation for FRs), while the ever increasing (and understandable) demand for control and transparency runs counter to the desire for process simplification. "Given tight budget constraints in 2023, and the demands of launching the new grant cycle and implementing the new Strategy, I anticipate some challenges in reconciling the tension between workload and staff health and well-being" he concluded.

On a more positive note, Peter Sands mentioned the formalization of the Diversity, Equity and Inclusion Strategic Plan, which was developed through a combination of a highly consultative cocreation process informed by a maturity assessment including external benchmarking.

Finally, to forward the Fund's commitment to tackle longstanding concerns about psychological safety, it has conducted the first-ever organization-wide assessment of psychological safety. This has provided the basis for kickstarting a Secretariat-wide discussion about how to ensure everyone feels safe and encouraged to voice their ideas, perspectives and concerns. Following the survey's results shared at a townhall meeting the Secretariat is launching departmental and team-based discussions to explore the issues and design actions. To complement this process, Peter Sands has also commissioned an Office of the Inspector General (OIG)- led Advisory review of internal justice mechanisms.

### Deliver a successful Seventh Replenishment

The ED started his analysis by celebrating the successes: "given the extraordinarily challenging geopolitical and economic context, including multiple competing demands on donor aid budgets, competing agendas in global health and intense fiscal pressures, these successes were an immense achievement". He thanked the partnership who worked hard over the past year to make this happen.

Yet there's no escaping the fact that the \$14.25 billion raised fell far short of the \$18 billion aim. Moreover, the combination of increased funds set aside for technical assistance and the US matching considerations means that this \$14.25 billion translates into lower Sources of Funds than the \$14 billion raised in Lyon in 2019. The outcome will improve following receipt of pledges from remaining donors who were unable to pledge in New York (and indeed this was the case during the Board meeting itself as new pledges were announced, resulting in amended Decision Points regarding financial issues), but Peter Sands fears a significant resource constraint: "CCMs will be confronted with very difficult trade-offs. For planning purposes, and to enable the Committees to make recommendations to the Board, we have created a Base Case Scenario based on credible information about pledges we expect to receive by the time the Board makes the critical decisions on Sources of Funds, including how available resources should be deployed into Country Allocations, Catalytic Investments and OpEx".

### Prepare to implement the next Strategy

Throughout the year, Secretariat teams and partners have been planning for implementing the Global Fund's new Strategy. Across the "10 key changes" and the associated building blocks of the Strategy, the Secretariat has been discussing what these require in terms of policy changes, resource requirements, revised guidance to Country Coordinating Mechanisms (CCMs) and implementers, modifications to FR templates and processes, enhanced Technical Review Panel (TRP) review guidelines, and new or amended performance metrics, Key Performance Indicators (KPIs) and monitoring approaches.

Many of the key elements of the Strategy have already progressed beyond planning into implementation. For example, to ensure the new Strategy is well understood at a country level, seven webinars for CCMs and implementers have already been conducted, and Information Notes on HTM and RSSH which describe an investment approach that will enable different elements of the Strategy, have been published.

With the actual Replenishment outcome, these trade-offs will become more challenging. Continuity of service considerations will mean that many countries will have extremely limited funding capacity for new initiatives.

### Priorities for 2023

## Maximize impact on HTM, COVID-19, and health systems in the current grant cycle

While much of the Board and partnership's focus will be on launching the new cycle of grants and Strategy implementation, 2023 will be a significant year for delivering impact through effective grant implementation. The ED warned: "the Secretariat must ensure that there is sufficient bandwidth and time at both country level (PR and CCM) and at the Secretariat (Grant Management Division and the Strategy, Investment and Impact Division (SIID) in particular) to focus on current grants' execution. Otherwise, we risk starting the next grant cycle behind where we should be as a partnership, which will compound the setbacks from COVID-19 and render the 2030 global targets even more challenging to attain. We must use 2023 to make as much progress as we can to get back on track in the fight against HIV, TB and malaria, including by delivering tangible progress on RSSH investments".

Peter Sands explained how, for C19RM, the teams have already begun a major reprogramming and portfolio optimization exercise as countries respond to the pandemic's changing dynamics. The proposed C19RM timeline extension is designed to maximize impact from C19RM resources while staying true to the C19RM mandate. "By extending the award deadline from March 2023 to June 2023, we will give countries more time to prepare high-quality proposals for systems enhancement. This extension will also make it easier for countries to prepare their C19RM portfolio optimization requests to complement their GC7 HIV, TB and malaria funding requests. Extending the utilization deadline from December 2023 to December 2025 also facilitates the redeployment of C19RM funds into such system investments, since these types of programs typically take longer to absorb resources. Given the uncertainties about the future evolution of the COVID-19 pandemic, we will need to continue to manage C19RM in a highly dynamic and flexible manner".

## Develop high-quality grants aligned to the new Strategy

Three working groups were convened in Q1 2022, comprising the relevant technical partners for each disease. These working groups have already produced significant changes to funding application guidance documents (e.g., Program Essentials, TRP guidance), processes (e.g., for HIV, prevention implementation reviews at country level, enhanced engagement with partners in sexual and reproductive health and rights), FR requirements, co-financing priorities, Catalytic Investment focus and modalities, Secretariat capabilities, new product priorities, etc. A succinct description of the comprehensive agendas for each of the three diseases can be found on slides 20-23 of the Update on Preparations for Implementation of the Global Fund 2023-2028 Strategy, presented to the Strategy Committee in July 2022.

Figure 2. 10 key changes under the new Strategy

<p><b>1 Across all three diseases, an intensified focus on prevention.</b> We have made better progress on saving lives than on reducing infections, but to end the pandemics, we have to cut new infections dramatically, including among key and vulnerable populations.</p>
<p><b>2 Much more emphasis on integrated, people-centered services,</b> rising above disease silos to build RSSH that protect people from multiple pathogens, address their holistic needs and underpin health and wellbeing for all.</p>
<p><b>3 A more systematic approach to supporting the development and integration of community systems for health,</b> recognizing the vital role they play in combatting the three diseases and reinforcing system resilience and sustainability.</p>
<p><b>4 A stronger role and voice for communities living with and affected by the diseases,</b> reinforcing this unique strength of the Global Fund partnership and tackling barriers to effective participation and leadership, to put the most affected communities at the center of everything we do.</p>
<p><b>5 Intensified action to address inequities, human rights and gender-related barriers,</b> scaling up and strengthening current activities, building on our experience, and raising our level of ambition.</p>
<p><b>6 Greater emphasis on programmatic and financial sustainability,</b> to ensure the progress we achieve can withstand shocks and reversals, and that the momentum can be sustained.</p>
<p><b>7 Greater focus on accelerating the equitable deployment of and access to innovations,</b> working with partners to take an end-to-end view to rapidly address bottlenecks to deployment to those most in need.</p>
<p><b>8 Much greater emphasis on data-driven decision-making,</b> by investing in systems and capabilities to enable the rapid generation, analysis and use of high-quality, disaggregated data.</p>
<p><b>9 Explicit recognition of the role the Global Fund partnership can and should play in pandemic preparedness and response,</b> given the knock-on impact of pandemics on HIV, TB and malaria, the unique positioning of the Global Fund in this arena, and acknowledging the need to define roles and responsibilities in collaboration with our partners.</p>
<p><b>10 Clarity on the roles and accountabilities of Global Fund partners across every aspect of the Strategy</b> to ensure we hold each other mutually accountable in delivering this Strategy.</p>

Enhance the Global Fund’s organizational ability to deliver on strategic priorities

Peter Sands mentioned that “to deliver on the Strategy we will have to enhance specific capabilities across the Secretariat. For example, we face gaps in gender, human resources for health, pandemic preparedness, vector control, and product quality assurance”.

He explained that a detailed bottom-up work planning exercise had being conducted to establish OpEx needs for Strategy implementation: but the base funding scenario he presented on Tuesday had changed

by Wednesday as new pledges were received. Nonetheless, the Secretariat will still have to rely more on technical partners, which Peter Sands sees as “problematic”, as multilateral technical partners such as UNAIDS or WHO are themselves under tight budget pressure, so cannot deploy incremental resources without funding. Consequently, Technical Assistance “Set-Asides” will play a crucial role, either to fill gaps left by Strategic Initiatives which the Fund can no longer support given the reduction in the Catalytic Investment envelope, to fund multilateral technical partners or to provide the support through the bilateral agencies. “This will require a significant step-up in coordination and transparency” said Peter Sands.

### Sustain the resource mobilization momentum

Although the Seventh Replenishment was considered a success, Peter Sands reinforced the importance of maintaining efforts to raise additional funding, including from new donors, while ensuring timely and full pledge conversion. This can only be ensured through strong and close relationships with donors, constantly showing the added value of the Global Fund model, nurturing and expanding its advocacy network, sustaining a recognizable and valued brand and continuing to deliver clear communications, and creating further opportunities for innovative and nontraditional partnerships with the private sector.

More broadly, Peter Sands said he wanted to sustain efforts across the partnership to galvanize additional funding for health, including through domestic resources and innovative partnerships with multilateral development banks and other partners. Helping implementer countries build sustainable approaches to financing their systems for health, including social contracting, is key to delivering the Strategy.

### Board member discussions and reactions

Constituencies thanked the ED and the Secretariat for its work and commitment at a time of great adversity.

However, while delegations were pleased with the way the Seventh Replenishment was conducted, some expressed disappointment with the outcome of the Replenishment Conference, as the new strategy proposes an ambitious, people-centered vision and calls for investments to match.

Several delegations expressed deep concern about the possible decrease in investments in health system strengthening (HSS). As the cornerstone of success in the fight against the three pandemics, HSS represents, for some delegations, the way out to address pandemics over time, preparation for new epidemics, and a holistic response to patients’ needs. However, the lack of visibility on the envelopes that will be devoted to it in the next cycle alarms some Board representatives. They fear that, as in 2020, the trade-offs made by countries receiving grants will be to the detriment of HSS, even though more than ten partners expect HSS and people-centered approaches’ investments to represent 1/3 of the countries’ envelope, in an effort to integrate diseases into the system.

Some have even warned that a strategy aimed at pursuing a vertical approach by disease would undermine efforts to provide quality primary health care and the implementation of universal health coverage. And it could jeopardize the future of the Global Fund, meaning some donors may no longer wish to invest in it.

Others, however, pointed to the opportunity presented by extending the implementation period of C19RM grants and reprogramming funds into activities aimed at strengthening the system to make it more resilient to possible new shocks. They called for a more aligned partnership with other global health donors such as Gavi, Unitaids, the World Bank, the World Health Organization and the newly created Financial Intermediary Fund for Pandemic Prevention, Preparedness and Response, maintaining the comparative advantage of a unique partnership, whereby countries, technical partners, private sector and civil society organizations jointly fight for respect for human rights and gender, equal access to qualitative health

services and a people-centered approach.

The drafting of Allocation Letters, highlighting the importance of HSS priorities, as well as other cross-cutting issues such as human rights and gender equality, is crucial. The delegations reaffirmed their interest in participating in the review of these letters, in order to provide overarching input. According to some Board members, funds are necessary not only to accelerate the system strengthening, but also to provide technical assistance to improve performance and empower RSSH-related MOH Directorates. This is also one of the conditions for the sustainability of the Global Fund's actions.

The Secretariat paid serious attention to the suggestions of the Committee and the Board members. In a letter sent at the beginning of the month, it reaffirmed its commitment to RSSH, highlighting the progresses and efforts made in the past two years: the increase in the human resources dedicated to RSSH, elaboration of new material and webinars to guide the applicants and the consultants, and a strong emphasis on RSSH, gender and human rights in the Allocation Letters. The Secretariat also committed to submit the Allocation Letters to the SC and the Board members for high level guidance and feedback.

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