



Independent observer  
of the Global Fund

## The increase in set-aside pledges

### Context

Under the Seventh Replenishment, pledges to date of total bilateral set-asides amount to around \$700 million, which represents an increase of about 40% over set-asides for the Sixth Replenishment pledges. As Grant Cycle 7 (GC7) gets underway, the Global Fund wants to ensure that these set-asides are aligned with the Global Fund Strategy and national strategies supported by Global Fund grants. This is particularly important given constraints on other resources and ongoing challenges faced by countries.

The Strategy Committee (SC) requested that the Secretariat provide an update on the set-asides at the March SC meeting. This article summarizes the Secretariat's update and reactions from stakeholders.

### The issues

As the Global Fund's Head of Donor Relations, Dianne Stewart, explained, the donors' objective in making the set-aside pledges is to have the financial resources available to readily provide direct technical assistance support for disease programs, thereby facilitating more efficient and effective country level implementation. That said, the way in which set-asides are applied varies. Donor governments tend to channel the funds through their bilateral programs aimed at interventions that the donors want the Global Fund to work on. A good example is the United States Agency for International Development (USAID): a portion of the US set-aside is channelled through the US President's Emergency Fund for AIDS Relief (PEPFAR) to support the Joint UN Programme on HIV/AIDS (UNAIDS) activities/implementation of Global Fund programs in selected countries.

The first issue is: should all of the pledged amounts that are announced (every cent) go through the Global Fund allocation process? From the Global Fund's perspective, the choice is not about the

percentage that should be given to it but rather that there is the risk that some of the set-aside amounts that will go through the bilateral programs may not be applied to support Global Fund interventions., even if that is the donor's intention.

Another issue is that the use of set-asides alongside Global Fund supported programs makes country-level coordination all the more important; and coordination is already a challenge in many countries.

With the significant increase in the total amount of set-asides, the SC wants to ensure that the set-asides are applied in ways that are helpful to the Global Fund Strategy and the SC therefore wants to define parameters for the use of set-asides in the future.

There has always been and will continue to be a robust dialogue between the set-aside donors and the Secretariat. A roundtable is held with donors for them to present their intentions for the use of those funds. The donors discuss, advise on priorities, implementation gaps and weaknesses, and where they consider they can best provide support; and they discuss how to complement each other geographically.

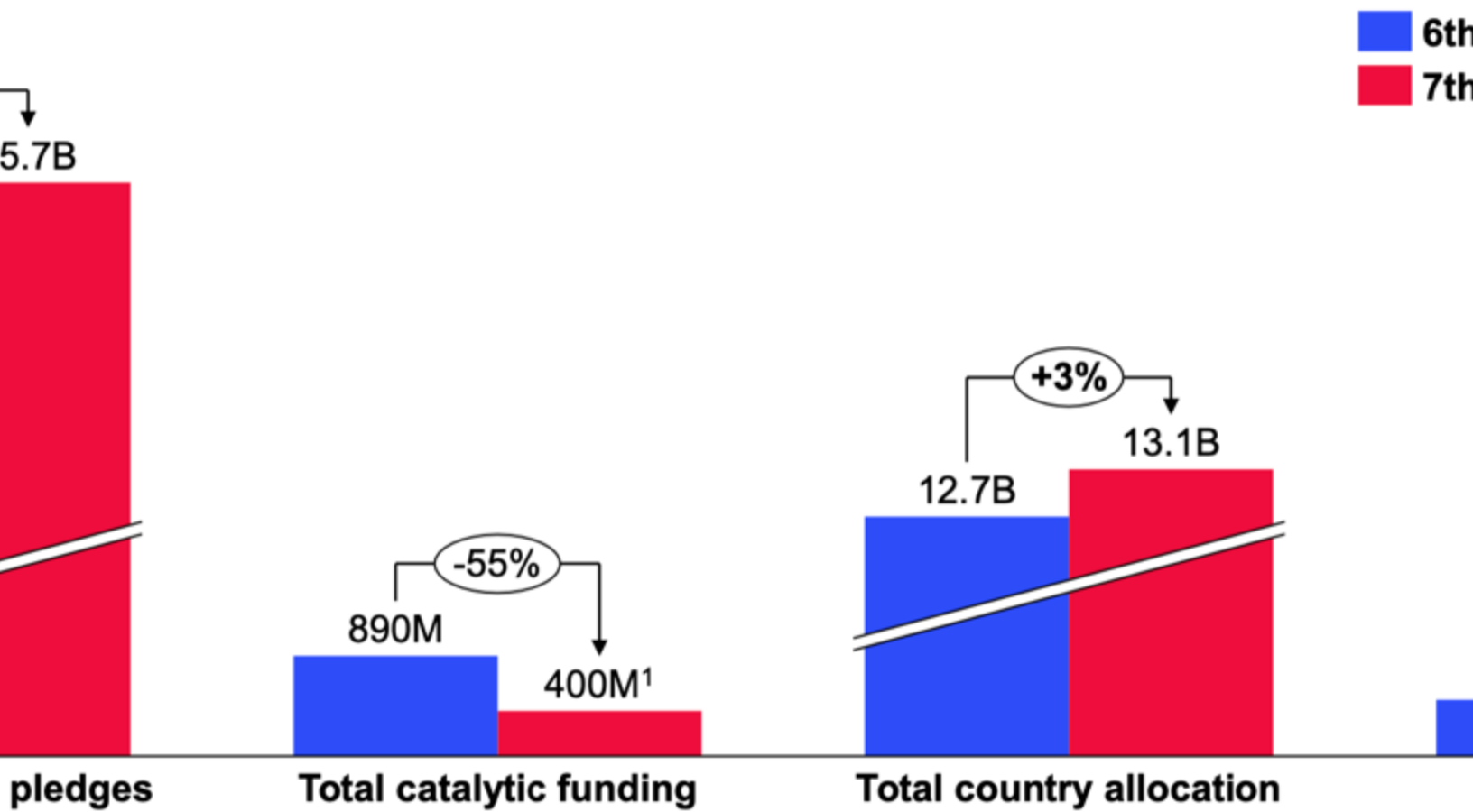
If countries do not fully utilise the set-aside amounts, more than one of the donors has in the past given the remaining money to the Global Fund before the end of the allocation cycle; and it is hoped that this practice will continue.

Key to all this is: transparency in the way in which the set-aside amounts are being applied.

### Status of pledges

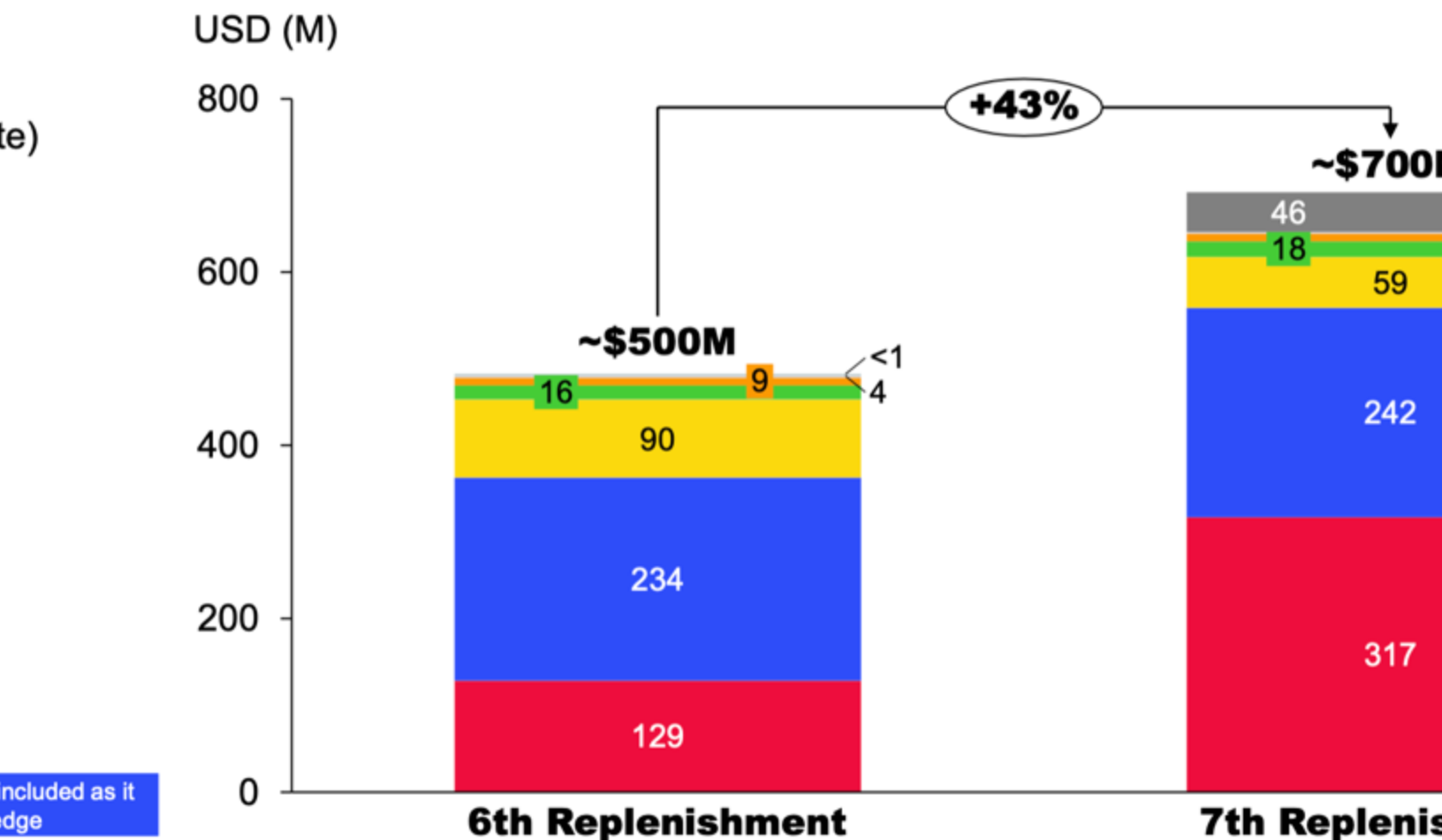
While there was only a modest increase in allocations, there was a sharp increase in set-asides in the Seventh Replenishment, as the figures below show. Here you can see the difference in pledges under the two replenishments (Figure 1), and the comparison of the set-asides under the replenishments (Figure 2).

Figure 1: Comparison between Sixth and Seventh Replenishments' Pledges



Source: Global Fund Secretariat

Figure 2: Sixth and Seventh Replenishment Set-asides



Source: Treasury data, External Relations; showing final set-aside figures as of 22 Nov 2022

### Summary of GC7 set-aside landscape

While the details are still being finalized, there are significant differences across set-asides (Table 1).

Table 1: Overview of GC7 Set-asides

	France	US	UK	Australia	Italy
<b>Amount</b>	<b>\$317M</b>	<b>\$242M</b>	<b>\$59M</b>	<b>\$18M</b>	<b>\$9M</b>
<b>Geographic focus</b>	48 eligible countries - subject to further updates/refinement	Different countries for USAID-HIV, USAID-TB, and USAID-Malaria	Democratic Republic of Congo, Mozambique, Nigeria, Tanzania, Uganda, Zimbabwe	All GF-eligible countries in Southeast Asia and Asia-Pacific	GC6 (current): Angola, Burkina Faso, Ethiopia, Guinea, Kenya, Malawi, Mozambique, South Sudan, Tanzania, Uganda
<b>Major themes</b>	RSSH (esp. HRH, labs, community health), CRG, operational research, vulnerable pops., HTM	Broad themes across HIV, TB, and malaria; PEPFAR being reimaged with greater focus on HSS	People-centered services, integration, RSSH, disease prevention, human rights and inequities, innovation	Labs, vector control, PPR, disease surveillance, HRH, HIV prevention, CCM support, TB surveys	Initiatives synergic with GF grants, primarily focused on disease topics
<b>Primary mode of delivery</b>	Three channels: TA through existing expert pool, support for catalytic projects, "L'Accélérateur" with multiple modalities	USAID implementation through variety of partners (esp. UNAIDS/WHO/Stop TB) or US disease advisors	In-country advisors embedded in focus countries; secondees to GF Secretariat; support for institutions/initiatives	Grant funding to institutions; TA managed by gov. Agency (DFAT), contracting out experts (UNAIDS, academics, etc.)	Implemented by Italian NGOs and/or research institutes
<b>Access mechanism</b>	Varies by channel and modality – includes TA requests to diplomatic network, competitive calls for projects	Including through GF disease situation rooms – GF focal points submit requests to partners based on country-level needs; direct requests to USAID	Managed through in-country advisors, who participate in local CCMs	Contacting DFAT Health Funds team for short-term needs; responding to call for proposals for longer-term needs	Respond to annual call for proposals

From a geographical perspective, Figure 3 clearly shows donor set-aside preferences for funding priorities in sub-Saharan Africa and south-east Asia. Figure 3: Geographical Focus of Set-asides

Planning for use of set-aside

The Secretariat is currently working with bilateral partners on planning of GC7 set-asides (Table 2).

Table 2: Planning with Partners for Allocating Set-asides

	Objectives	Ongoing activities
Global engagement	<ul style="list-style-type: none"><li>■ Ensure that set-asides support national responses and are aligned with GF grant targets and Strategy.</li><li>■ Align principles for engagement to efficiently maximize value of set0aside support.</li><li>■ Enable mutual learning, problem-solving and collaboration across set-asides.</li></ul>	<ul style="list-style-type: none"><li>■ Core Group meetings: objective forum with partners representing set-asides.</li><li>■ Bilateral conversations spanning countries and thematic areas, including dialogue with GF country and technical teams.</li></ul>
Operational engagement	<ul style="list-style-type: none"><li>■ Broker set-aside to areas of greatest need by country and theme.</li><li>■ Drive operational coherence at country level between existing ser-asides and support to GC7</li></ul>	<ul style="list-style-type: none"><li>■ Identification and agreement on country-specific needs/gaps and priorities for support on diseases and cross-cutting topics.</li><li>■ Mapping and planning discussions for areas of overlapping priorities.</li><li>■ Work with partners for preparation of funding requests at country level.</li></ul>

Managing these objectives and activities is labour-intensive for GF country and technical teams and for countries, but it is deemed to be very important given the magnitude of the set-aside amounts. Following the Seventh Replenishment, after 20 November 2022 the Core Group was expanded to include new donors and now includes Australia, the Bill & Melinda Gates Foundation (BMGF), France, the United Kingdom and the United States; and there is also ongoing bilateral dialogue (Table 3).

Table 3: Update on core group discussions



What is being discussed	<ul style="list-style-type: none"> <li>○ Country ownership</li> <li>○ Co-shaping and ongoing alignment</li> <li>○ In-country coordination</li> <li>○ Mutual transparency</li> <li>○ Emphasis on performance</li> </ul>	<ul style="list-style-type: none"> <li>○ Several common priority areas:</li> <li>○ RSSH</li> <li>○ Product innovation</li> <li>○ CHW/communities</li> <li>○ Gender</li> </ul>	<ul style="list-style-type: none"> <li>○ E</li> <li>○ M</li> <li>○ R</li> <li>○ E</li> <li>○ P</li> <li>○ I</li> <li>○ C</li> </ul>
Next steps	<p>Embedding principles into efficient operational planning.</p> <p>Determining how to evaluate set-aside outputs across principles.</p>	<p>More granular operational discussions across partners and relevant Secretariat teams, especially GFCTs.</p> <p>Explore how partners can work synergistically in common areas.</p>	<p>Continued pro best practices</p> <p>Country-level and driving b</p>

Key factors for operationalizing GC7 set-asides and achieving impact

The Secretariat will continue to work with partners to resolve any challenges that set-asides may pose. The key factors for the speedy and appropriate operationalization of set-asides to maximise impact are listed in Table 4.

Table 4: Ensuring Effective Use of Set-asides

Factor for impact	Potential response options
Ensuring set-asides enable country responses supported by GF grants, and are in line with the GF Strategy	Demonstrate set-aside alignment with national responses and GF targets throughout the cycle
Minimizing transaction costs for countries and Secretariat teams in working with set-asides, given range/complexity of priorities and modalities	Work with partners to simplify processes and streamline touchpoints
Sharing the performance of set-asides to ensure accountability and transparency, in line with standards for grant allocations and catalytic funding	Increase transparency with regular updates on activities and outputs

Solutions to in-country coordination across governments, communities, and all other partners in different country contexts, esp. those with multiple set-asides	Set-aside partners to take a more active role in coordinating with other set-asides and TA sources, supporting CCM where useful, in line with specific country, systems and governance contexts
Support for countries and topics that are not prioritized for the GC7 set-asides to deliver grant results through TA and other needs, esp. in context of declining catalytic funding	Continued co-creation of set-asides with partners, with a potential refinement of existing priorities based on key gaps and synergies

### Stakeholder feedback on set-asides

Given a much larger share of set-aside funds and the 55% reduction in catalytic funding, stakeholders appreciate that efforts must continue to try to fill the gap in missing resources, especially given that communities and multi-country proposals are those that will be most affected.

Stakeholders welcome the fact that some of the set-asides give priority to human rights and gender as well as to CCMs; but note with regret that not a single Latin American country was considered a priority for the set-asides. They understand that the increase in set-aside funding is complicated and there is therefore a need for strong principles for joint accountability across the Secretariat, countries, and bilateral partners. They agree with all the principles suggested and would like to add a key element: to ensure, the inclusion of civil society and communities in any decisions made at the national level; and this needs to be explicit especially in countries that do not have good track records of inclusion.

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