



Independent observer
of the Global Fund

The challenge of prioritization in resource-scarce conditions

As usual, the 50th Global Fund Board meeting started with the Executive Director's update as he reflected on the past six months.

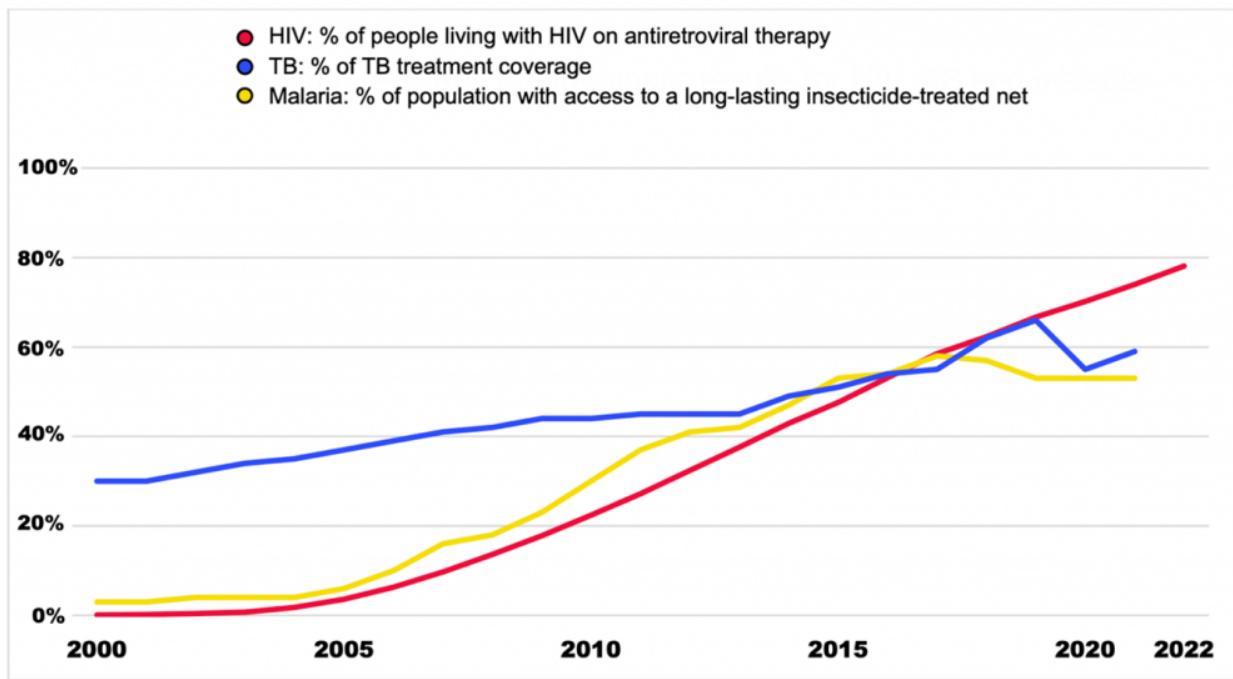
Review of progress against the 2023 priorities

Maximize impact in the current grant cycle

The recent Results Report describes the strength of the recovery in HIV, TB and malaria (HTM) key metrics following the COVID-19 pandemic, with a record 24.5 million people receiving antiretroviral therapy (ART), a record 6.7 million people diagnosed and treated for TB and a record 220 million insecticide-treated mosquito nets (ITNs) distributed to protect families from malaria during 2022.

In 2023, while comprehensive data is not yet available, the Global Fund has continued to achieve strong programmatic performance across most countries and across all three diseases. As noted in the Financial Performance report to the Audit and Finance Committee (AFC), overall, in-country absorption of 77% as of end-June exceeds the Board's key performance indicator (KPI) of 75% and is ahead of the equivalent point in Grant Cycle 5 (GC5). Within this overall figure, HTM absorption is ahead of resilient and

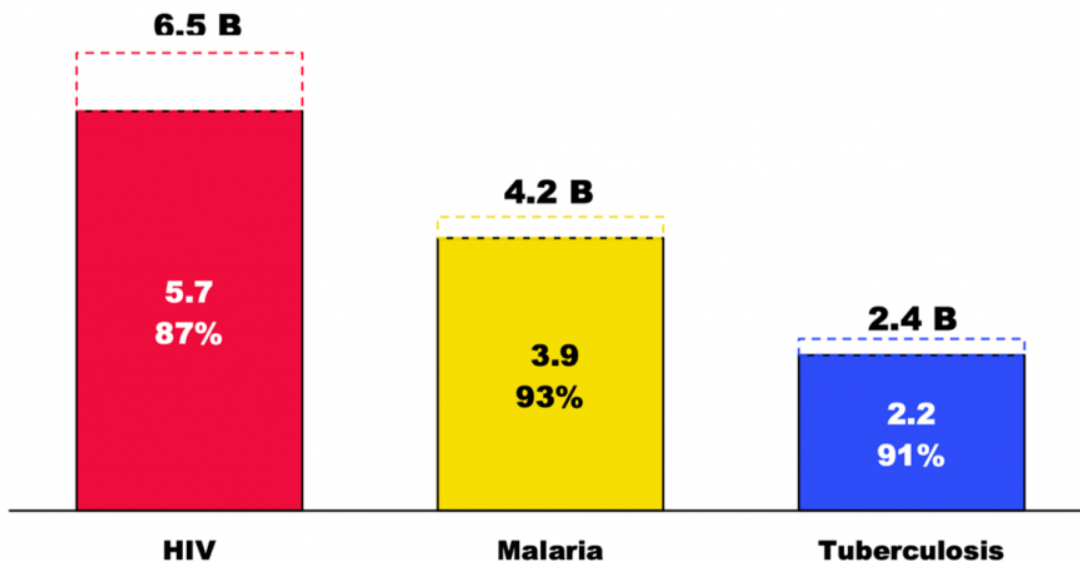
sustainable systems for health (RSSH) absorption, as in previous cycles. In GC6 many RSSH programs had delayed starts in 2020 due to COVID-19.



Develop high-quality grants aligned to the new Strategy

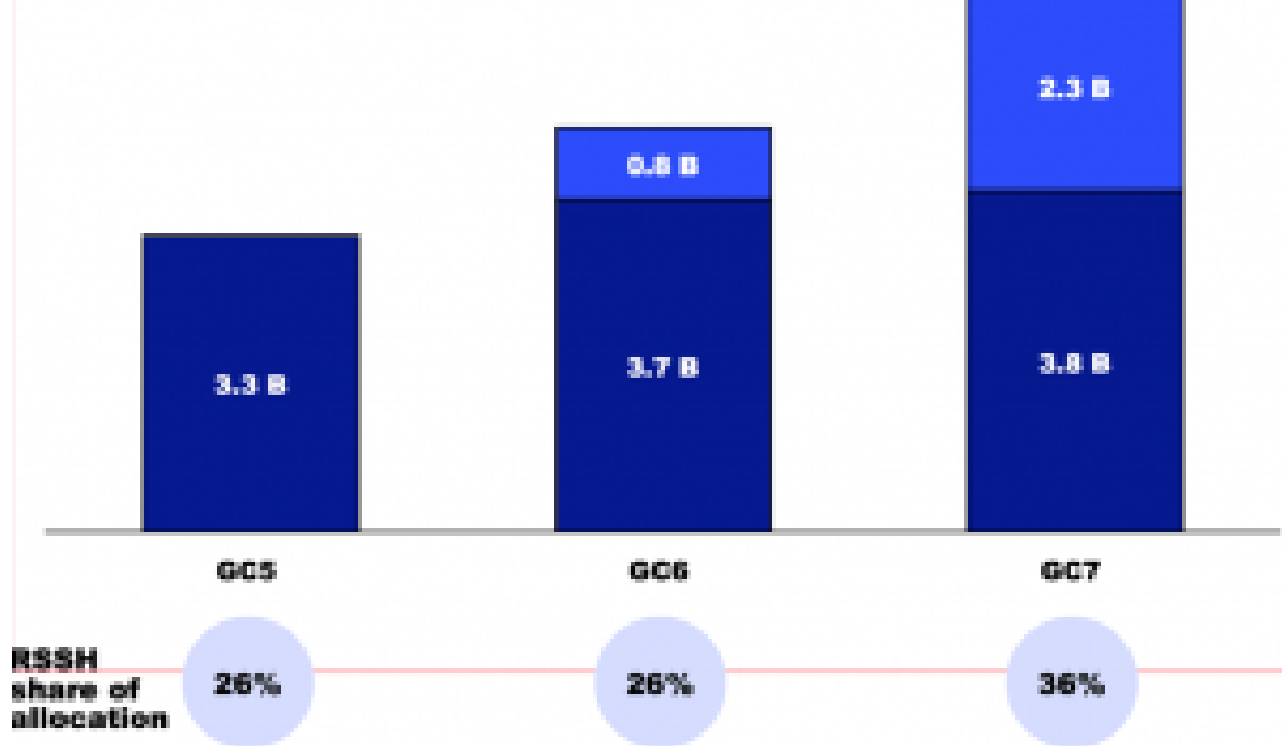
Following the completion of the Technical Review Panel (TRP) Window 3, 90% of GC7 country allocations and matching funds have been through TRP review. Of the 134 funding requests (FRs) reviewed so far, 129, or 96%, have been recommended for grant-making, and the TRP remarked on “the notable improvement in the quality of FRs”.

Figure 2. GC7 allocation in grant-making by disease component following TRP Window 3 (US\$ billion)



Regarding RSSH, the TRP survey indicated 77% (versus 71% in GC6) of FRs demonstrated a strategic focus on RSSH, and 60% of FRs were perceived to have appropriate pandemic preparedness and response (PPR) investments. In addition, Peter Sands anticipates RSSH investments of at least \$2.3 billion through the COVID-19 Response Mechanism (C19RM), a combined total of about \$6.1 billion. This brings the RSSH share of combined C19RM/GC7 investments in the next grant cycle period to 36%.

Figure 3. Total investments in RSSH-PPR: GC5-GC7 (US\$ billion)



As of 30 October 2023, \$1.6 billion (across 34 countries) of approximately \$2.2 billion available for the shift to RSSH/PPR through C19RM had been approved by the Investment Committee. Of the remaining \$566 million, most of \$348 million (across eight countries) is scheduled for Investment Committee review before the Board, and \$218 million across 82 portfolios is being determined on a delegated basis.

From a country perspective , times are tough

Peter Sands stated, “2023 has been an extremely demanding year for Country Coordinating Mechanisms (CCMs) and Principal Recipients (PRs), given the simultaneous pressures of delivering on GC6, preparing FRs and grants for GC7, and shifting the focus of C19RM through reinvestment and portfolio optimization”.

He added: “We should also recognize that in developing FRs, CCMs have had to confront very difficult tradeoffs. It has been challenging to accommodate new or intensified priorities from the new Strategy, inflationary pressures, the implications of population growth, the cost of new technologies, etc., in – for most countries – an essentially flat country allocation”. Although the scale of unfunded quality demand indicates the extent of the unmet need, most CCMs have done a “very impressive job in reconciling these demands as best they can, including by using C19RM reinvestment to complement their GC7 allocation investments”, he noted.

Enhance our organizational ability to deliver on strategic priorities 2023

The ED acknowledged it has been a stressful year for the Secretariat and for the Global Fund partnership as a whole, both in terms of the sheer workload and the need to respond flexibly to rapidly changing circumstances and needs. Despite this, the Secretariat has implemented the new Monitoring and Evaluation Framework, with the appointment of a Chief Evaluation and Learning Officer (CELO), John Grove, together with a new team, and the creation of the Independent Evaluation Panel.

Furthermore, the Board approved new KPIs for the 2023- 2028 Strategy in May 2023. While the current set of KPIs have helped inform Board and Committee decisions, the new KPIs should be even more useful since they are more closely tied to grant performance and to the delivery of our objectives.

Other significant organizational changes during 2023 included the implementation of Community, Rights and Gender (CRG) Ready and the bringing together of the Performance Delivery and Strategy Implementation teams under the new Chief of Staff, Katie Kampf, who started in August. CRG Ready combines increased investment in specialist resources in the CRG Department and the Grant Management Division to support our community, human rights, gender and equity priorities, and realignment of these resources to ensure greater impact. Implementation of CRG Ready coincides with the transition of CRG leadership from Kate Thomson to Vuyiseka Dubula, who joined in October. “When she retires at the end of the year after over 13 years with the Global Fund, Kate will leave an extraordinary legacy of leadership and impact” Peter Sands recognized.

He also stressed the continued effort on protection against sexual exploitation, abuse and harassment (PSEAH), where he said significant strides in implementing the Global Fund’s Operational Framework on PSEAH had been made and that we are on track with respect to the new related Agreed Management Action).

Finally, the Global Fund continued to invest in CCMs as a crucial component of the delivery model through CCM Evolution and with the support of the joint Strategy Committee (SC)/Ethics & Governance Committee (EGC) informal working group on CCMs. CCM Evolution has now engaged 93 CCMs and initiated more than 400 interventions. Specific enhancements to the CCM model include the addition of 64 Oversight Officers, 15 Ethics Officers and a new Integrated Performance Framework for CCMs. “Many CCMs are making good progress in improving their performance with the help of CCM Evolution” Peter Sands noted with satisfaction.

Invest in Global Fund’s people and culture

Peter Sands acknowledged that 2023 has been an extremely testing year for Global Fund stakeholders, both in the Secretariat and across the broader partnership. On top of the usual cyclical peak of the final

year of GC6 and grant preparation for GC7, implementation and reinvestment of C19RM has taken significant effort, and external crises (e.g., Niger, Sudan) have added to the pressures. Furthermore, the Global Fund has engaged in multiple new external initiatives (Future of Global Health Initiatives, an interim medical countermeasures network (i-MCM-Net), the Pandemic Fund, etc.) which have absorbed considerable time and energy.

The Secretariat being stretched so thinly brings both people and implementation risks; likewise, overreaching and bandwidth constraints amongst our CCMs and PRs increase the risk of delayed or ineffective implementation. In responses to these issues, the Secretariat has acted in two ways: fire-fighting mode, by attempting to alleviate immediate pressures and address workload hot-spots; and more strategically through reinforced workforce planning, strategic recruitment, training and leadership development, all under the umbrella of the People & Organization Ambition launched in early 2023.

Sustain the resource mobilization momentum

“Given the scale of the resourcing gaps, the plethora of competing demands, and the fiscal pressures on both donor and implementer governments, we cannot afford to lose any momentum on resource mobilization,” said the ED. The Global Fund is currently in a good place on pledge conversion; as reported in the resource mobilization update to AFC 93% of GC6 adjusted pledges have now been paid, and we’re on track for 100% conversion. For GC7, 47% of donors have signed contribution agreements (ahead of this stage in the last cycle) and 9% of contributions, or \$1,277 million, have been received. ED acknowledged that “as anticipated, the scope for additional resource mobilization is highly constrained and we are not on track to be able to unlock the United States pledge of \$6 billion in its entirety, given the 1-for-2 matching requirement”.

Nonetheless, the Secretariat continues to step up its efforts on innovative finance mechanisms, focusing primarily on blended finance and Debt2Health debt swaps. For example, in 2023, we executed a blended finance transaction with the World Bank to support scaling up TB programs in Indonesia, combining a \$300 million loan from the World Bank with a \$21 million contribution from the Global Fund to “buy-down” part of the loan. During GC6, five blended finance transactions were executed, committing \$64 millions of Global Fund resources to leverage over US\$900 million of lending.

In order to facilitate further scale-up of our blended finance activities, in October 2023 the AFC approved a new approach to blended finance assurance that streamlines and simplifies the process.

Priorities for 2024

Accelerating impact of climate change on global health

As discussed in the Thematic Update on Climate & Health, climate change is likely to exacerbate the already stark inequities in global health. While there are still huge unknowns about the nature, scale and timing of climate change's impact on different health threats, climate change is already having massive effects, and the countries and communities we serve are amongst the most vulnerable. Peter Sands stressed the fact that “the 50 most climate vulnerable countries receive 71% of Global Fund resources and 87% of our malaria funding”.

Looking forward, “we should anticipate a complex combination of first-order impacts (e.g., the impact of warmer temperatures on the geography of malaria, and of extreme weather events on malaria surges), second-order effects (e.g., the impact on TB of greater numbers of displaced people, or the impact on HTM mortality from more widespread malnutrition), plus impossible-to-predict consequences like the potential impact of climate change on inter-species competition amongst malaria-carrying mosquitoes” he warned.

On the other hand, both localized conflicts and broader geopolitical tensions have a direct impact on the Global Fund partnership's ability to deliver on our mission. Currently, 32 countries are categorized as challenging operating environments (COEs), and these countries account for 37% of the GC7 communicated allocation. Responding to the increasing occurrence of wars, coups and political crises – to ensure the safety of our staff and partners, to enable continuity of lifesaving services, and to sustain progress against HTM and in building RSSH – is continuously testing the flexibility and resilience of the partnership. According to the ED, “this is where the Global Fund's unique model offers huge advantages, since it is often our civil society partnerships (e.g., Ukraine), our ability to move fast (e.g., Afghanistan), and our willingness to accept risks that make us distinctively able to respond effectively to such challenges”.

Erosion of human rights

“We are seeing an alarming erosion of human rights in many parts of the world, both rich and poor, exemplified in different countries by discriminatory laws against LGBTQI+ communities, the demonization of migrants, the reversal of steps towards gender equality, and violence against marginalized ethnic or religious groups or other vulnerable populations” warned Peter Sands. In a number of both donor and implementer countries, the idea of a right to health appears increasingly challenged and notions of global solidarity seem to carry little weight. While the Global Fund partnership cannot alone reverse these troubling trends, we can demonstrate the power of global solidarity in action and must stand up for a rights-based approach to human health. The CRG presentation to SC provides further insight into these growing challenges and how we have been responding to them.

Evolution and tension in the global financial, development and health architecture COVID-19 shone a harsh light on global health inequities, and lower-middle-income countries (LMICs), particularly those in Africa, are demanding change in the structure and functioning of the global health architecture, including a

shift in the balance of power between donors and implementers, greater decentralization of research and manufacturing, and new approaches to ensuring equitable access. These dynamics echo similar debates about power and access to resources across the broader. In addition, there are growing concerns among both donors and implementers about the fragmentation and inefficiencies across the global health architecture, with too many institutions, both multilateral and bilateral, competing for resources, investing in overlapping areas and creating excessive coordination and reporting burdens for implementer countries.

The growing threat of antimicrobial resistance and other potential pandemics

If pandemics like COVID-19 represent high-impact, low-probability events, antimicrobial resistance (AMR) represents a high-impact certainty, but more of a gradual process. Yet “no one should underestimate the potential impact of widespread resistance to antibiotics on human health and clinical care. There will be a UN High-level Meeting on AMR in 2024, which should galvanize greater focus. The Global Fund will necessarily be involved, in part because multidrug-resistant TB represents one of the biggest immediate AMR threats”.

In view of these serious challenges, the Secretariat will give priority to:

1. Implementing grants for maximum impact: Delivering impact through excellent implementation must be the overriding priority for 2024 (GC7 and C19RM reinvestments).
 - For HIV, key challenges include countering the alarming trend on human rights and achieving a rapid scale-up of the use of new prevention technologies, such as long-acting pre-exposure prophylaxis (PrEP), including the vaginal ring. We also need to accelerate integration at both institutional and service delivery level, since this is key to ensuring sustainability.
 - For TB, the fundamental priority is to build on current momentum, making the most of the recent price reductions in diagnostics and treatments, and exploiting the potential of new technologies, such as digital X-rays. The biggest challenge remains that of inadequate funding.
 - For malaria, responding to the simultaneous challenges of climate change, resistance and conflict within an inadequate funding envelope will require even closer collaboration among partners and rigorous investments prioritization. Accelerating the deployment of dual active ingredient (AI) insecticidal-treated nets (ITNs) is a clear priority, as is expanding and extending seasonal malaria chemoprevention (SMC). Working with Gavi, the President's Malaria Initiative, Roll Back Malaria and the World Health Organization to assist countries in optimizing deployment of the R21 vaccine alongside other interventions is critically important.
 - On RSSH, the pace at which the Global Fund is scaling up investments in complex RSSH domains through both GC7 and C19RM, including disease surveillance, laboratory networks, waste management, solarization and medical oxygen, means many countries will require significant implementation assistance. Close coordination with other partners across the different domains of RSSH will be key to maximizing impact and minimizing the burden on countries.
2. Strengthen organizational effectiveness and adaptability : During 2024, the Secretariat will continue the efforts to streamline critical processes, enhance organizational agility, and strengthen capabilities in key areas. New investment in Secretariat capacities will be extremely limited, given the essentially flat OPEX budget being brought to this Board for approval. Tight OPEX constraints

mean that investments will need to be funded from savings elsewhere in the Secretariat, after absorbing inflationary pressures.

3. Invest in GF's people and culture: The Global Fund will continue to drive progress across the key components of the People & Organization Ambition, including reinforce workforce planning, taking action to protect staff well-being, fostering a culture of care and candor, and sustaining the momentum on diversity, equity and inclusion.
4. Sustain resource mobilization and launch the Eighth Replenishment: on top of having to continue to work on pledge conversion, the Fund will need to prepare for and launch the Eighth Replenishment: securing a host, developing a technically robust and compelling Investment Case, developing public and private sector donor engagement and resource mobilization strategies responsive to the complex and volatile environment, mobilizing advocacy partners and designing and launching an overall communications strategy.
5. Respond to external changes and challenges: More fundamentally, conducting a successful Eighth Replenishment will require the Global Fund to have robust answers to some of the big questions about the Global Fund's future positioning and role arising from the external challenges: How should the Global Fund respond to the likelihood that on the current trajectory we will not have completed our mission to end HTM by 2030 ? What should be the Global Fund's role and distinctive value-added in supporting countries' path towards universal health coverage (UHC)? Should we devote more resources to "horizontal" RSSH investments, or should we focus more on creating "diagonal" interventions that simultaneously deliver on disease-specific objectives and strengthen health system capacities?

Stakeholder feedback

All the Delegations congratulated the Secretariat for the hard work under pressure and the great achievements that could have been emphasized even further. The current context is extremely concerning with the acceleration of climate change, conflict and wars, inflation, and increasing human rights violations. There is a need for prioritization and adaptation to the Global Fund's model. Challenging environment, HTM – but also other diseases, including non-communicable disease, are competing priorities that may harm health systems and challenge their resilience.

People stressed the need to look at the role of external and national finance and a comprehensive approach, primary health care and access to services issues. Some advocated for a discussion on the comparative advantage of the Global Fund and proposed their own thematic priorities: RSSH, CRG and CCM, which will contribute to UHC. They stressed the unique opportunity to sharper the Global Fund profile offered by C19RM.

Representatives from the lower income countries expressed concern about the unsustainable debt services in their countries. They advocated for local manufacturing of health products (HIV rapid diagnostics, anti-malarial drugs and dual AI) in order to reduce reliance on import. Conflict and disasters have a large impact on grant performance and require more flexibility, adaptability and partnerships, as well as changes to operational policies; the OIG is providing an advisory and exit strategy in this regard.

Board paper GF/B50/06 Report of the Executive Director will soon be available on the Global Fund website.

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