



Global Fund Sustainability, Transition and Co-financing Policy: A Comprehensive Overview

Introduction

At the 51st meeting of the Global Fund Board, held in Geneva from April 22 to 24, 2024, a report on sustainability issues was presented. The document submitted to the Board provided an overview of the current discussions and actions on sustainability governance. It highlighted the evolving health and economic landscape, focusing on health progress, challenges faced by poor and vulnerable populations, and emerging obstacles. Following this presentation, various stakeholders offered comments and suggestions to enrich the document and strengthen the Global Fund's Sustainability, Transition & Co-financing (STC) policy to better address new sustainability challenges, especially in the countries where the Fund invests.

Stakeholders stressed the need to align with national strategies, leverage the Global Fund's strengths, balance financial sustainability with programmatic efficiency, and maintain essential services. They noted improvements in grant-making, equity, gender, human rights, and health financing. Strengthening health systems and collaborating with other organizations are crucial. Current policies effectively target the poorest and most affected countries, and reducing eligibility is not recommended.

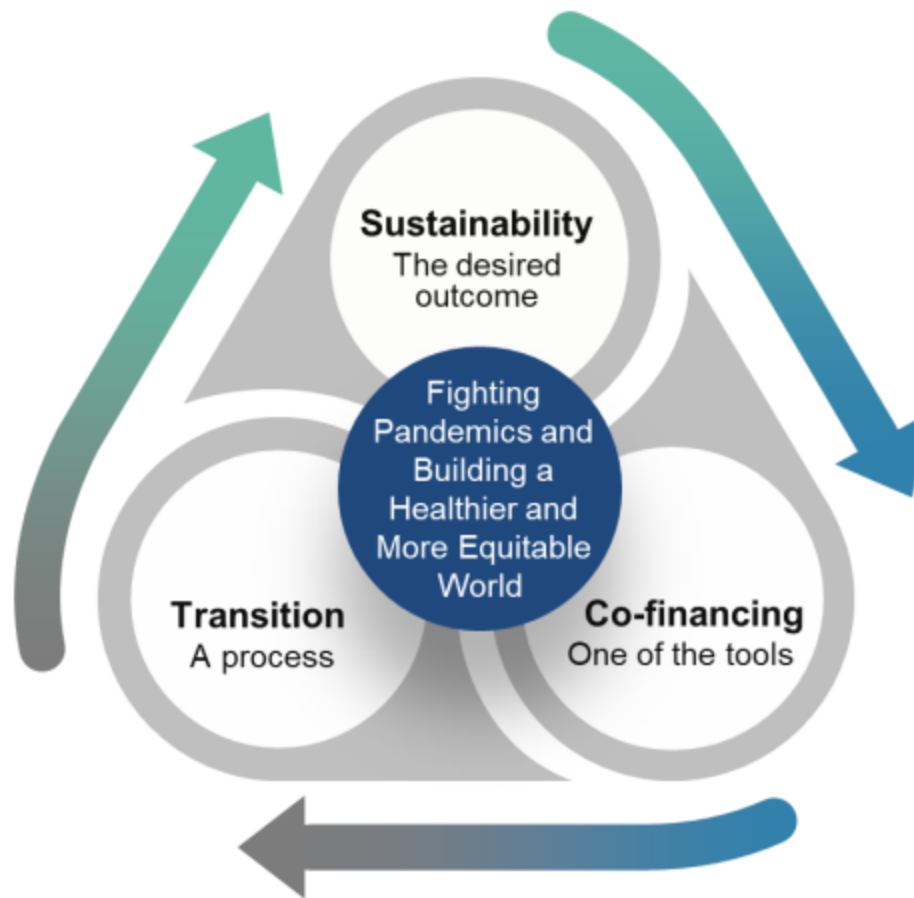
Presumably in response to certain comments from stakeholders, the Strategy Committee has drafted an improved STC policy framework. This document will probably be discussed at the next Global Fund Board meetings. In the meantime, as a follow-up to an article we published on the subject, [which you can find here](#), we offer an in-depth analysis of the policy, which outlines the principles, strategic objectives, implementation frameworks, and implications for various national contexts of the STC policy.

Overview of the STC Policy

The STC Policy is a comprehensive framework that emphasizes predictability, flexibility, and differentiation along the development continuum. It aims to enhance alignment with country systems, promote strategic investments in resilient and sustainable health systems, and ensure attention to key and vulnerable populations, human rights, and gender issues.

Key principles and objectives

1. **Enhanced predictability:** The STC Policy provides a structured and predictable approach to funding, which is crucial for long-term planning and sustainability. Predictability ensures that countries can plan and implement health programs with confidence, knowing that they can rely on consistent support. This stability is vital for maintaining the momentum of disease control efforts and achieving long-term health goals. For example, predictable funding allows for the procurement of essential medications and supplies, workforce planning, and the implementation of long-term health strategies.
2. **Continued flexibility:** Recognizing the diverse needs of countries, the policy allows for tailored approaches that accommodate varying contexts and challenges. Flexibility is essential because the epidemiological, socio-economic, and political contexts of countries differ significantly. By allowing for customized solutions, the Global Fund can address specific barriers and leverage unique opportunities within each country. This might involve flexible grant timelines, customized program components, or adaptive responses to changing health landscapes.
3. **Differentiation along the development continuum:** The policy differentiates requirements and support based on countries' income levels and disease burdens, ensuring that interventions are appropriate and effective. This approach recognizes that low-income countries (LICs), lower-middle-income countries (LMICs), and upper-middle-income countries (UMICs) face different challenges and opportunities. Tailoring support accordingly ensures that resources are used efficiently and that the specific needs of each country are met. For instance, while LICs may need more support in building basic health infrastructure, UMICs might focus on sustaining gains and integrating health programs into existing systems.
4. **Increased focus on sustainability:** A primary goal is to build and maintain robust health systems capable of sustaining disease control efforts independently of Global Fund support. Sustainability involves not only maintaining current health gains but also expanding service coverage and improving health outcomes over the long term. This requires strong national health systems, effective governance, and sufficient financial resources. For example, sustainability efforts might include strengthening health information systems, improving supply chain management, and building local capacity through training and education.



THE GLOBAL FUND
STC = sustainability, transition and co-financing

Defining sustainability and transition

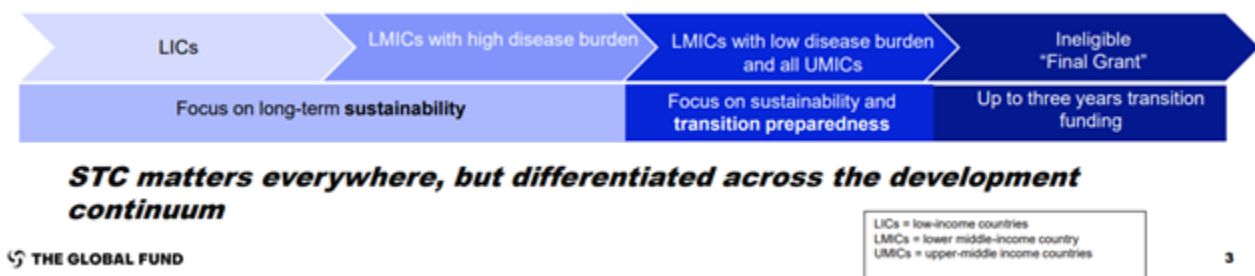
In the context of the Global Fund, sustainability refers to a country's ability to maintain and scale up health service coverage to control and eliminate diseases even after the cessation of external funding. This means that countries must develop the capacity to fund and manage health programs independently, ensuring that the gains made with Global Fund support are not lost. Key aspects of sustainability include financial sustainability (securing ongoing domestic funding), programmatic sustainability (continuing effective interventions), and institutional sustainability (strengthening health systems and governance structures).

Transition, on the other hand, is the process by which countries move towards self-sufficiency in funding and implementing health programs, ensuring the gains achieved are not only preserved but also expanded. Transition involves preparing countries to take over the full financial and operational responsibility for health programs, including securing domestic funding, integrating programs into national health systems, and building the capacity to manage these programs effectively. This process is often supported by transition planning and readiness assessments, which help identify potential challenges and develop strategies to address them.

Differentiated application of the STC Policy

The STC Policy's application is nuanced and differentiated across countries based on their economic status and disease burden:

1. Low-Income countries (LICs): Focus on long-term sustainability through strengthened national strategic plans, increased domestic resource mobilization, and enhanced alignment with country systems. LICs often face significant challenges in terms of limited financial resources, weak health systems, and high disease burdens. The STC Policy emphasizes building strong national strategic plans that prioritize sustainability and align with national health goals. Increased domestic resource mobilization is critical to ensure that LICs can gradually take on more financial responsibility for their health programs. This might involve improving tax collection systems, reallocating government budgets, or securing alternative financing mechanisms.
2. Lower-middle-income countries (LMICs) with high disease burden: Emphasis on sustainability and transition preparedness, including accelerated co-financing of key interventions and addressing transition challenges in program design. LMICs with high disease burdens require a balanced approach that focuses on both immediate disease control and long-term sustainability. The STC Policy encourages these countries to increase their co-financing contributions and to design programs that address potential barriers to a successful transition. This could involve capacity building for health workers, enhancing health infrastructure, and improving health governance.
3. Lower-middle-income countries (LMICs) with low disease burden and Upper-middle-income countries (UMICs): Up to three years of transition funding to support addressing transition bottlenecks and facilitating smooth transition to full domestic financing. For LMICs with lower disease burdens and UMICs, the focus is on preparing for a successful transition. This includes addressing any remaining challenges that could hinder sustainability, such as securing sufficient domestic funding and integrating health programs into national systems. Up to three years of transition funding provides a buffer period to ensure that these countries can make the necessary adjustments and fully take over their health programs. This funding might be used to build domestic financing mechanisms, strengthen health system resilience, and ensure that key interventions are maintained.



Strategic investments and key considerations

The STC Policy highlights several strategic investment areas and considerations essential for

sustainability and transition:

1. **Resilient and sustainable systems for health (RSSH):** Investing in robust health systems that can withstand shocks and continue delivering essential services. RSSH is crucial for ensuring that health systems are not only capable of handling routine health needs but also resilient enough to respond to emergencies and shocks, such as disease outbreaks or natural disasters. Investments in infrastructure, workforce development, and supply chain management are key components of building resilient health systems. For instance, strengthening laboratory networks, ensuring the availability of essential medicines, and training health workers are critical investments.
2. **Human rights and gender:** Ensuring that programs address barriers to access and promote equity in health service delivery. The STC Policy emphasizes the importance of removing barriers that prevent key and vulnerable populations from accessing health services. This includes addressing gender-related disparities and ensuring that human rights are respected in the design and implementation of health programs. Efforts might involve creating gender-sensitive health services, protecting the rights of people living with HIV, and combating stigma and discrimination.
3. **Domestic resource mobilization (DRM):** Encouraging countries to increase domestic funding for health to reduce dependency on external aid. DRM is critical for sustainability, as it involves generating sufficient domestic financial resources to fund health programs. This can include increasing government health budgets, improving tax collection, and creating innovative financing mechanisms to ensure a steady flow of resources for health. Countries might implement health taxes, develop public-private partnerships, or create national health insurance schemes to mobilize resources.
4. **Health financing strategies:** Developing and implementing strategies to sustainably finance health programs and gradually absorb key program costs. Effective health financing strategies are essential for ensuring that health programs can be sustained over the long term. This includes creating sustainable financing mechanisms, such as health insurance schemes, and gradually absorbing costs that were previously covered by external donors, such as the Global Fund. Countries might also focus on efficiency gains, such as reducing wastage, improving procurement processes, and optimizing the use of existing resources.

Transition preparedness and co-financing

Transition preparedness involves incorporating sustainability and transition considerations into national strategies, developing transition readiness assessments, and addressing structural barriers to health access. This requires comprehensive planning and coordination to ensure that countries are ready to take on full responsibility for their health programs.

Transition readiness assessments help countries identify strengths, weaknesses, and areas needing improvement to achieve sustainable health programs. These assessments might include evaluating the capacity of health systems, analyzing funding gaps, and identifying potential risks. Addressing structural barriers involves tackling issues such as health workforce shortages, weak health governance, and inadequate infrastructure.

Co-financing approach and requirements

The co-financing approach varies based on country context:

1. **Challenging operating environments:** Ensuring health spending is prioritized despite other competing needs. In challenging operating environments, such as countries affected by conflict or political instability, it is crucial to ensure that health spending remains a priority. The STC Policy allows for flexibility in these contexts to accommodate the unique challenges faced by these countries. This might involve adjusting co-financing targets or providing additional support to address specific challenges.
2. **Low-income countries:** Promoting progressive spending on health and building capacity. For LICs, the focus is on gradually increasing domestic spending on health and building the capacity of health systems to manage and sustain health programs. This involves creating incentives for increased health spending and providing technical support to strengthen health system capacity. Efforts might include improving health budget allocations, developing financial management skills, and fostering partnerships with local and international stakeholders.
3. **Lower-middle-income countries:** Encouraging increased domestic funding of Global Fund-supported programs. For LMICs, the STC Policy encourages countries to progressively increase their domestic funding for health programs supported by the Global Fund. This involves setting clear co-financing targets and creating incentives for meeting these targets. Countries might implement policies to increase health budgets, improve revenue collection, and develop innovative financing mechanisms.
4. **Upper-middle-income countries:** Institutionalizing spending on disease programs, especially for key populations. For UMICs, the focus is on ensuring that funding for disease programs is institutionalized within national budgets, with a particular emphasis on key populations that are often underserved. This involves creating sustainable financing mechanisms and integrating health programs into national health systems. Efforts might include developing policies to ensure consistent funding for key interventions, fostering partnerships with civil society organizations, and advocating for the rights of key populations.

Countries must meet specific co-financing requirements, progressively increasing their health investments to support scale-up and sustainability. This involves committing to minimum increases in health expenditure and absorbing costs previously covered by the Global Fund. Meeting these requirements is crucial for ensuring that countries can sustain their health programs independently. The Global Fund monitors compliance with co-financing commitments and provides technical support to help countries meet their targets.

Implementation and monitoring

The implementation of the STC Policy involves several stages:

1. Design requirements: Setting co-financing incentives and requirements based on country and financial context. This involves assessing the financial capacity and health needs of each country and setting appropriate co-financing targets and incentives to encourage increased domestic spending on health. The Global Fund collaborates with countries to develop tailored co-financing plans that align with national health strategies.
2. Funding request and grant-making: Reviewing co-financing commitments and domestic financing trends, assessing risks, and finalizing commitments. During this stage, the Global Fund works with countries to review their co-financing commitments, assess any potential risks, and finalize the details of their funding agreements. This process ensures that countries are prepared to meet their co-financing obligations and that the grants are aligned with national health priorities.
3. Grant implementation: Monitoring progress against co-financing commitments, taking actions in cases of non-compliance, and ensuring continued alignment with national strategies. Throughout the grant implementation period, the Global Fund monitors the progress of countries in meeting their co-financing commitments and takes necessary actions in cases of non-compliance, such as withholding disbursements or issuing management letters. Continuous monitoring and evaluation help ensure that countries stay on track with their co-financing commitments and make necessary adjustments to their health programs.

Conclusion

The Global Fund's STC policy is a comprehensive framework designed to promote sustainability, transition, and co-financing in the fight against HIV, TB, and malaria. The policy's strengths lie in its emphasis on predictability, flexibility, differentiation, and sustainability. However, challenges remain in implementation, monitoring, and ensuring financial sustainability and equity.

Firstly, it should be noted that the policy focuses on Global Fund investments in the three diseases mentioned above. This inevitably raises a few challenges in implementing the policy at country level. This is because the Global Fund operates according to its own co-financing requirements for HIV, TB and malaria, paying less attention to other critical health sector needs, including non-communicable diseases suffered by people who have been on HIV treatment for a long time and are now ageing. The other problem is that the various other donors, including Gavi, now have their own co-financing requirements, which focus on their own specific strategies or programs, which they all address and try to apply to a Ministry of health/and a Ministry of finance without considering the existing fiscal space. We wrote an article on the comparison of Gavi and Global Fund co-financing policies ([which you can find here](#)) and, from what countries tell us, there is a clear need for donor alignment and coordination on this specific issue in order to optimise resources and improve health outcomes.

Moreover, effective enforcement of co-financing commitments and transition plans requires robust monitoring mechanisms and the capacity to address non-compliance, which depends on both the Global Fund and recipient countries' capabilities. Strong coordination among the Global Fund, recipient countries,

and other stakeholders is essential, yet varying capacities and resources can complicate effective implementation. The policy's flexibility, while advantageous, also presents challenges due to the diverse contexts of countries, particularly those with weaker health systems or governance structures. Clear and transparent criteria for granting case-by-case flexibilities are necessary to avoid inconsistencies. At this point, a unified and comprehensive report from the States is seen as desirable because in some countries, each donor demands their own report, which could prove costly and time-consuming, given there is already in place a national system to provide a complete report. For instance, all Ministries of Finance can generate a report based on expenditures.

At the same time, ensuring financial sustainability is particularly challenging in low- and lower-middle-income countries, where morbidity rates are high and economic constraints can limit healthcare spending. Innovative financing mechanisms and international support may be required to help these countries overcome financial challenges. Ensuring equity, especially for marginalized and vulnerable populations, is crucial but at risk if financial constraints lead to de-prioritization of these groups. Continuous advocacy and monitoring are vital to ensure that the needs of key and vulnerable populations are addressed and that progress in disease control is maintained. The situation is far from optimal at present. Alas!

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