



Independent observer  
of the Global Fund

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## Global Fund advances sustainability agenda with key policy updates ahead of 8th replenishment

During its meeting from 18 to 22 November 2024 in Lilongwe, Malawi, the Global Fund Board approved updates to policies focused on sustainability to better assist low-income countries (LICs), lower-middle-income countries (LMICs), and vulnerable populations. Significant changes include allowing countries that have transitioned to participate in multi-country grants, addressing gaps in World Bank income data, and clarifying the criteria for ineligibility after receiving transition funding. The new [Allocation Methodology](#) emphasizes support for LICs and LMICs, boosts funding for tuberculosis and malaria, and enhances catalytic investments. Updates to the [Sustainability, Transition, and Co-Financing \(STC\) Policy](#) strengthen transition planning and emphasize domestic resource mobilization while ensuring that key populations are included. Catalytic investments now encompass broader global issues such as resource mobilization, human rights, and community resilience, which are not reliant on country-specific allocations. These adjustments are in preparation for the Global Fund's [8th Replenishment](#) campaign in 2025, aligning with global health priorities and the Sustainable Development Goal 3 (SDG 3).

### Catalytic investments for the Global Fund's 2026-2028 allocation period

The Global Fund is advancing a bold vision to address persistent and emerging global health challenges through its catalytic investments for the 2026–2028 allocation period, known as Grant Cycle 8 (GC8). These investments, which build on lessons from prior rounds, seek to address specific needs, support sustainable development, and encourage new ways of addressing HIV, tuberculosis (TB), and malaria (HTM) as well as more complex challenges such as [climate change and health](#) equity.

### Areas of Investment

The GC8 priorities focus on seven strategic areas, each tailored to specific challenges that cannot be fully addressed through country allocations.

## 1. NextGen Market Shaping & Response

Targets systemic barriers that are likely to hinder the timely access of health innovations. It aims to speed up the launch of new health products, enhance local production in the regions where it makes business sense, and pursue sustainable supply chain management. This initiative seeks to guarantee that essential health commodities are not just affordable, but also available, by tackling high costs, regulatory hindrances, and scarce distribution networks. Building upon the earlier successes, such as dual active ingredient insecticide treated nets, roll out of which was initiated, GC8 will expand its focus to incorporate climate change compliant health supply chains.

## 2. Emergency Fund

An undertaking meant to lend support to emergencies, it is an immediate access fund to substitute for discontinued healthcare services due to conflict, natural disasters, or pandemics. With a proposed budget between \$20 million-\$40 million, the fund basically assures that services for the most vulnerable, such as displaced persons with needs for antiretroviral therapy (ART) or tuberculosis treatment, will be able to continue, even in situations of crises.

## 3. Addressing Human Rights and Gender Barriers

With this proposal, a budget of \$40-100 million is meant to defeat inequity, systematic discrimination, and anti-rights movements, while ensuring that human rights and gender equality are projected in the health programs.

## 4. Building Community Networks & Engagement

The Global Fund acknowledges the chief role that communities serve in providing health services. GC8 operates from an investment of between \$20 million and \$90 million to build on community-managed responses, primarily targeting underserved populations. This builds on previous successes empowering key and vulnerable populations (KVPs) to survey data, influence policy, and lead grassroots health initiatives. Therefore, the new cycle seeks to advance this initiative for sustainability in middle-income countries transitioning out of external financing.

## 5. Supporting Sustainability and Transition

As countries shift from the support of the Global Fund, this initiative will focus on strengthening public financial management, enabling domestic resource mobilization, and overcoming transition bottlenecks to maintain progress against HTM. With a set-aside of \$20 million to \$45 million, the priority supports innovative financing solutions such as blended finance mechanisms to continue health benefits.

## 6. Optimizing Resilient and Sustainable Systems for Health (RSSH)

The proposed funding of \$50-75 million for this initiative seeks to enhance health systems through

integration of reproductive and maternal health services, laboratory strengthening and scaling up of community health efforts.

## 7. Climate and Health

This priority proposes implementation of climate adaptation strategies and the use of digital tools to address health challenges, driven by climate change, where the implementation may go up to the tune of \$10-110 million.

### Adapting to funding scenarios

The funding is tiered from \$260 million to \$800 million, with adjustments allowed for available resources. At the somewhat lower levels of funding, the predominant programming will focus on the basic needs of the Emergency Fund and human rights initiatives; conversely, at higher funding levels, a wider palette of interventions can be considered, such as more interactive community engagement and climate adaptation strategies.

Decision Point: Catalytic Investments for the 2026-2028 allocation period (Grant Cycle 8 (GC8))

Based on the recommendation of the Strategy Committee (SC), the Board:

1. Acknowledges that the total amount of sources of funds for allocation for GC8 will be decided by the Board in 2025, based on the recommendation of the Audit and Finance Committee following announced replenishment for the 8th Replenishment;
2. Approves that the total amount of funding for catalytic investments in GC8 will be determined by the total amount of sources of funds for allocation for GC8;
3. Approves catalytic priorities for GC8, based on the total amount of sources of funds for allocation, as well as the total amount of funding for catalytic investments that remain unfunded by the Global Fund based on the total amount of funding for catalytic investments for GC8;
4. Agrees that in the event that sources of funds for allocation for GC8 are above the midpoint of the funding scenarios for any scenario in Table 1, the Secretariat may recommend to the Board to approve additional amount of catalytic investments (up to 50% of the difference in total catalytic funding for the applicable scenario and the next higher scenario) to be invested in the priority areas for the next higher funding scenario in Table 1;
5. Agrees that in the event that private sector contribution to any of the priorities in Table 1 is contingent upon additional investment from allocation funding in the specified priority, the Secretariat may recommend to the Board to approve additional amounts for such priority for this co-investment purpose;
6. Agrees that catalytic investments will still be necessary should sources of funds for allocation for GC8 be less than \$15.2 billion, but that amounts for specific priorities will need to be determined at a later date considering the various considerations on leveraging private sector funding, based on recommendation by the Secretariat, in consultation with the Board's leadership, to the Board;
7. Approves that the Secretariat will:
  - i. have flexibility to operationalize catalytic investments;
  - ii. report to the SC and Board on such operationalization;
  - iii. have flexibility, within the total amount of funding for catalytic investments, to increase or decrease funding for any approved priority by up to 15%, with the exception of reallocation to Board-approved, but unfunded priorities, which requires prior SC approval in all cases; and report to the SC on any such changes; and
  - iv. present any increase or decrease of an amount for any approved priority above 15% to the SC for approval.
8. Agrees that the Secretariat will have delegated authority to increase the amount of funding available for Emergency Fund and Blended Finance priorities using funding approved as available by the Audit and Finance Committee for optimization, and that paragraph 7 (iii) and (iv) above will not apply to increases to the Emergency Fund and Blended Finance priorities

Table 1

Priority	Components	Less than US\$ 12.26b	US\$ 12.26-13.2b	US\$ 13.2-14.2b	US\$ 14.2-15.2b	\$15.2b and above

NextGen Market Shaping & Response	Accelerate innovation and scaled use of products	Amounts to be recommended*	100	120	175	234
	Promote sustainable regional manufacturing ecosystems		10	15	50	60
	Environmentally sustainable supply, delivery & distribution		0	5	5	6
Emergency Fund			20	20	40	40
Address Human Rights and Gender Barriers			40	70	90	100
Build Community Networks & Engagement			20	50	70	90
Supporting Sustainability and Transition from Global Fund Financing	Responsible preparation for sustainability and transition to maintain progress against HTM, including across borders		20	40	45	45
	Blended Finance		0	10	10	10
	Public Financial Management		0	10	25	30
Optimizing RSSH	Reinforcing impact of focused, integrated RSSH-PPR investments in HRH/CHWs, surveillance and lab		50	50	50	75
	Improved HTM outcomes through integration with reproductive, maternal, newborn and STI services					
Climate and Health *differentiated priority per GC7 mid-cycle investment		0	10	40	110	
			260M	400M	600M	800M

## Stakeholder feedback on catalytic investments

Catalytic investment has been one of the most accepted vehicle interventions to bridge the gap in health financing, especially for priorities that would not receive due support in total from national allocations. Stakeholders recognized that these investments allow pilots for innovative interventions to support the most vulnerable populations and break down systemic barriers.

RSSH received strong support as a catalytic priority. Though primarily thought to support lab infrastructure, supply chain system, and human resource development, RSSH funds are generally supporting building the health system capacity for emergency response and safe efforts in health care. The provision of this catalytic funding refers to grants made on a multi-country level to act upon cross-border health challenges, which commonly include drug-resistant TB and malaria.

Despite these successes, stakeholders further cautioned that catalytic investments cannot be an end all solution to scale-up. Such funds should play a supportive role in wider health financing to fill in critical areas that remain underfunded. It must be noted that local investment should sufficiently put in place the foundations further supporting multi-country grants that are proven effective in advancing a regional collaborative approach.

An important feature is the fact that they allow flexibility in adjusting catalytic investments; but it is also possible that they grant authority to readjust on the basis of changing needs and priorities. Stakeholders expressed wishes for systems that would allow funds to be quickly allocated toward pressing challenges, such as outbreaks of diseases or responding to humanitarian crises.

## Refining the Global Fund Eligibility Policy

The Global Fund's Eligibility Policy is an important determinant of the resource allocation fight against HIV, TB, and malaria. One of the pillars of the policy is gross national income per capita, calculated as an average over three years, to determine economic capacity for a country. Low-income and lower-middle-income countries automatically qualify for funding irrespective of their disease burden; upper-middle-income countries are subject to more stringent criteria, including a need to demonstrate high disease burden to be eligible.

However, flexibility remains a key element. Three notable exceptions ensure that critical funding can reach vulnerable populations in challenging contexts: small states and island economies are eligible regardless of their disease burden, as are countries classified as "challenging operating environments" (COEs) with existing grants. Moreover, upper-middle-income countries with high HIV burdens can secure funding if barriers hinder them from delivering services to key populations.

## Strengthening transition planning

The updated policy clarifies Transition Funding, making it clear that this is the final allocation for countries that are phasing out of Global Fund support. This revision strengthens sustainability discussions and encourages governments and health programs to begin early planning for the post-Global Fund period. In exceptional cases where a country requires additional time to complete its transition plans, the Global Fund Secretariat retains the option to seek Board approval for supplementary funding.

#### Expanding multi-country grant opportunities

Multi-country awards are now available to countries that have transitioned from Global Fund assistance. This policy change ensures continued support for crucial programs such as policy lobbying and civil society involvement by allowing funding through either individual country allocations or catalytic investments. More cross-border collaboration could be very beneficial for areas dealing with comparable health issues.

#### Filling data gaps for eligibility

In some cases, countries lack formal classifications from the World Bank, posing challenges in determining their eligibility for Global Fund support. To address this, the revised policy uses Gross National Income (GNI) estimates from the United Nations and applies the World Bank's Atlas Methodology for income classifications. This approach guarantees that no country is overlooked due to missing data. Recently, this provision allowed for the assessment of an unclassified country as an upper-LMIC, enabling it to qualify for funding for HIV, TB, and malaria programs.

#### Avoiding over-restriction

The goal is to avoid overly strict eligibility criteria that could negatively affect smaller middle-income countries. Smaller middle-income countries depend on the Global Fund to deliver crucial health services to at-risk populations. Restricting eligibility could slow down pressing efforts to treat multidrug-resistant TB or interrupt HIV prevention programs, for instance, through the use of Pre-Exposure Prophylaxis (PrEP). Loss of funding for malaria initiatives has the potential to reverse years of progress and condition a malaria resurgence. With these dangers in mind, the Strategy Committee refrained from narrowing down country eligibility to balance resources with an increased focus on health needs.

#### Flexibility in crisis situations

The policy will elucidate arrangements of flexibility for exceptional circumstances. As an example, while Venezuela faces dire political and economic crises, the Global Fund allows emergency funding even though the country does not technically meet the eligibility criteria. A similar provision exists for any country that does not qualify for malaria funding, should the disease saw a dramatic resurgence.

## Decision Point: Approval of the Revised Eligibility Policy

1. Based on the recommendation of the Strategy Committee, the Board approves the revised Eligibility Policy set forth in Annex 1 to GF/B52/08D (the “Revised Eligibility Policy”).
2. Accordingly, the Board:
  - i. Acknowledges that this decision point and the Revised Eligibility Policy supersede the decision set forth in GF/B47/DP03 and the previous Eligibility Policy as set forth in Annex 1 to GF/B47/02 (the “Previous Eligibility Policy”); and
  - ii. Notes that, notwithstanding paragraph 2.i of this decision point, the Previous Eligibility Policy remains applicable to grant programs originating from the 2023-2025 allocation period (Grant Cycle 2023-2025).

### Stakeholder feedback on revisions to the eligibility policy

The revisions to the eligibility framework are intended to maintain program continuity and avoid abrupt changes. However, improvements to the framework include expanding criteria for assessing eligibility in response to feedback and introducing elements like conflict stricter nuances, vulnerability to climate change, and human needs that drive the implementation of adaptation and urgent humanitarian actions.

Regional stakeholders positioned close to the elimination of diseases like malaria in some Southeast Asian nations stressed the need for having a clear timeline for transitioning. Establishing predictability allows governments to effectively allocate human resources and plan a smooth approach in maintaining progress once they start tapering off their reliance on external support. Also, stakeholders further called for transparency in how exceptions to a given rule on eligibility would be applied; this is crucial for fairness and to retain stakeholder trust.

### The Global Fund’s updated approach to Sustainability, Transition, and Co-Financing

At the Global Fund’s launch of the [STC Policy](#) in 2016, the world was at the height of optimism regarding the economy. This policy helped countries gradually take control of their health programs and reduce funding from outside. The STC Policy encourages national governments to increase investment in their domestically financed health programs and improve arrangements to handle the transition for countries phasing out Global Fund support.

Nearly a decade later and the world is much different. After the COVID-19 pandemic, excruciating budget strains exist for many low- and middle-income countries as economic disruption, rising debt-to-GDP ratios, inflation, and geopolitical tensions exacerbate underlying pressures. Such challenges have reinforced the case for reassessment of STC Policy to meet newly defined realities in the domain of health financing and global development.

### Strengthened focus on sustainability

The reformed STC Policy embodies all of the principles that the original framework stands for, but also elaborately spins them into responses to contemporary and pressing situations. At the core of the new version is the emphasis upon sustainability as a multi-faceted target. The revisions enlarge the scope of



sustainability planning, with a strong focus on ensuring that health programs are infused into national systems to provide for the involvement of civil society and marginalized groups in decision-making. This model seeks to secure lasting health benefits into the future.

### Ensuring predictability for transitions

Predictability features as the other primary focus of the updated Board Approved Policy. In transitionality from Global Fund support based on decreasing income classification, the revised transitions present a more defined timeline. This proactive measure allows governments to anticipate and prepare, avoiding hampering essential health services.

### A shift in co-financing priorities

The most visible change is how the co-financing requirements now appear in lieu of past dependence on total domestic health contributions. This new policy envisages the quality of such investments; it asks countries to pool resources strategically and focus on impactful interventions under the umbrella of sustainability goals. In short, upper-middle-income countries (UMIC) and higher-income lower-middle-income countries (U-LMIC) are prompted to scale up funding programs for key population groups, while lower-income countries have been given a leeway to invest in more extensive health system objectives.

### Maximizing efficiency and impact

Efficiency and value for money are also central themes in this revision. With many countries facing tight fiscal conditions, the Global Fund is committed to ensuring that every dollar is used effectively. It aims to assist governments in maximizing the impact of their investments by concentrating on interventions that yield the greatest health benefits.

### Simplified implementation for better outcomes

Implementation has also been getting easier. The use of simple language, coupled with clear operational guidelines, would help countries chart their way through this updated policy. Such things as government-backed letters requesting co-financing commitments and inserting those commitments in risk management methods will augment accountabilities and transparency are offered by way of additional measures.

### Redefining transition for resilience

Transition at the core of these changes has been defined anew. Transition was construed by the previous policy as handing over responsibility; now the revised policy instead highlights the challenges associated with sustaining and building upon health achievements after external funding has ceased. For example, ensuring that malaria treatment continues, and HIV medicines remain available will be some of the telling indicators of success.

## Decision Point: Approval of the Revised Sustainability, Transition and Co-financing Policy

1. Based on the recommendation of the Strategy Committee, the Board approves the revised Sustainability and Co-financing Policy, as set forth in Annex 1 to GF/B52/08E (the “Revised Sustainability, Transition and Co-financing Policy”).
2. Accordingly, the Board:
  - i. Acknowledges that this decision point and the Revised Sustainability, Transition and Co-financing Policy replace decision point GF/B35/DP08 and the previous Sustainability, Transition and Co-financing Policy as set forth in GF/B35/04 – Revision 1 (the “Previous Sustainability, Transition and Co-financing Policy”); and
  - ii. Notes that, notwithstanding paragraph 2.i of this decision point, the Previous Sustainability, Transition and Co-financing Policy remains applicable to 2023-2025 allocation period (Grant Cycle 7) grants and the Secretariat shall take into account compliance considerations in the Revised Sustainability, Transition and Co-financing Policy when determining compliance with such requirements.

### Stakeholder feedback on the STC policy

Countries moving away from external support need to build sustainable health systems to keep, and even enhance, the gains made through global health funding. Feedback from stakeholders emphasized the importance of early planning and effective transition monitoring for smooth transitions. Public Financial Management (PFM) systems should be integral to this same strategy. Governments must effectively channel health resources into national budgets and planning. For example, countries integrating their Global Fund grants into national finance regulations report improving fiscal management, the process for tax exemption, and the absorption rates of resources.

Despite progress made in this direction, many countries are still caught in socio-economic instability that limits their efforts towards augmenting domestic health financing; some forms of flexible co-payment arrangements could help mitigate these problems, particularly for those transitioning from external funding. Stakeholders pointed out that technical assistance is supportive for institutional capacity building, efficient greater effectiveness, and careful accountability.

In regions affected by progressing crises or large-scale disasters, it is necessary that emergency sensitivity frameworks are instituted. Localized manufacturing and robust supply systems reduce dependence on external facilities and create a strong foundation for addressing emerging health threats. It is extremely necessary to consider the influential structural hurdles such as gender inequality and stigmatization as there is a need for systemic protection of community-led initiatives so as to provide an equal share of health services.

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