

# **Electronic Report to the Board**

## **Increases to the COVID-19 Response Mechanism's Fast-track Investment Cap**

GF/B45/ER11

### **Board Decision**

Purpose of the paper: To delegate authority to the Audit and Finance Committee to increase the COVID-19 Response Mechanism's Fast-track investment cap due to the continuing threat of the COVID-19 pandemic and the urgent need to scale-up country responses.

## Decision

**Decision Point: GF/B45/EDP12: Increases to the COVID-19 Response Mechanism's (C19RM) Fast-track Investment Ceiling**

***Based on the rationale provided in GF/B45/ER11, the Board delegates authority to the Audit and Finance Committee (the "AFC") to increase the overall ceiling amount to be made available through the C19RM Fast-track investment channel established under paragraph 5.c of GF/B44/EDP18. The AFC may increase the C19RM Fast-track investment ceiling by up to a further USD 700 million, based on additional funds approved as available by the AFC.***

**Budgetary implications (included in, or additional to, OPEX budget): No material budget implications are envisioned. Any incremental management and operating costs directly attributable to the proposed expansion of the C19RM's fast-track ceiling amount will continue to be covered from funds made available for C19RM, pursuant to GF/B44/EDP18.**

A summary of relevant past decisions providing context to the proposed Decision Point can be found in Annex 1.

## Context

1. GF/B44/EDP18 established two modalities for submitting funding requests for the Global Fund's COVID-19 Response Mechanism ("C19RM") in 2021:
  - a. **Fast-track** request, which has a simplified application form and a streamlined review and decision process, but is limited to COVID-19 commodities and associated costs. Under paragraph 5.c of GF/B44/EDP18 Fast-track is currently capped at USD 900 million (or 28% of available funds); and
  - b. **Full Funding** request, with more stringent process and information requirements, but with much broader scope, encompassing COVID-19 responses (including commodities), HIV, TB and malaria mitigation interventions, and health and community system reinforcement.
2. As of 16 July, USD 525 million has been awarded through Fast-track and USD 799 million recommended through Full Funding (of which USD 318 million is pending Board approval) for a total of USD 1,325 million. Of the USD 525 million so far awarded through Fast-track, approximately USD 152 million has been for COVID-19 diagnostics, USD 111 million for PPE, and USD 242 million for therapeutics (of which USD 225 million is for oxygen). As Fast-track requests may be submitted at any time, USD 375 million of Fast-track capacity remains available under the current ceiling of USD 900 million.
3. The Delta variant is leading to sharp upsurges in infections and deaths across most of the countries the Global Fund invests in. This new phase of the pandemic adds new urgency to scaling up provision of tests, treatments, oxygen and PPE. While accelerating equitable vaccine deployment is essential, this alone will not prevent Delta having a catastrophic impact, both directly and through the knock-on impact on HIV, TB and malaria.
4. The Secretariat is in discussion with a number of potential donors about potential further contributions to C19RM. These donors see the Global Fund as a swift and effective mechanism for helping countries respond quickly to the threat of the Delta variant. For most low and middle income countries, C19RM is the primary source of external funding for the non-vaccine components of their COVID-19 response strategies, and the Fast-track investment channel represents the most efficient and rapid route for them to secure vital COVID-19 commodities.

## Proposal and Rationale

5. The Secretariat proposes that the Board delegate authority to the Audit and Finance Committee ("AFC") to increase the overall ceiling for the C19RM Fast-track investment channel by up to a further USD 700 million from the current ceiling of USD 900 million taking the combined total up to a potential USD 1.6 billion. The Secretariat envisages

that the AFC would take this decision when approving any additional donor contributions as available funds, taking account of both the quantum of the new funding and potential demand for Fast-track.

6. There are three reasons for creating this flexibility to increase the ceiling for the Fast-track investment channel:
  - a. There is now a significant gap between Window 5 (16 July 2021) and Window 6 (17 September 2021) for Full Funding requests to be submitted. No August window will take place given reduced staff capacity due to annual leave. However, Fast-track will remain open throughout this period, and it could well be that countries will seek to make more use of it as they respond to Delta.
  - b. Since most COVID-19 commodities are consumables (e.g. tests, PPE), repeat purchases should be supported in the most efficient way possible. Expanding the Fast-track ceiling is the most straightforward and streamlined approach to enabling countries to request repeat orders.
  - c. The Secretariat is in discussions with a number of public donors, at least one of which may make a significant contribution to the Global Fund for C19RM. These donors are motivated by the resurgence in infections due to Delta and see the Global Fund as a highly effective mechanism to provide rapid support to countries. Expanding the capacity of Fast-track is a powerful signal of our commitment to act swiftly to respond to countries' needs.
7. Delegating the decision on precisely when and how much to increase the Fast-track ceiling to the AFC seems optimal since, right now, the exact quantum of incremental contributions to be received from donors remains unknown (beyond the CHF 50 million that Switzerland has just announced). The AFC will in any case need to approve any additional pledges as available funds for C19RM, so can decide on any increase to the Fast-track ceiling simultaneously.
8. Setting the figure of USD 700 million as the upper limit for how much the AFC could potentially increase the Fast-track ceiling would allow communication to prospective donors that C19RM has at least USD 1 billion of Fast-track capacity potentially available, taking account of the unutilized amount under the existing USD 900 million ceiling, while maintaining the principle that there should be a ceiling.
9. A timely increase in the ceiling for Fast-track before the current capacity is exhausted would ensure that countries keep the flexibility they currently have to choose either the Fast-track or Full Funding mechanisms. Countries would not be compelled to use Fast-track, and the role of the CCM and the specific funding request process requirements for Fast-track and Full Funding will remain as set out in GF/B44/EDP18.

10. Depending on the scale and timing of additional donor contributions to C19RM, the Secretariat envisages using these incremental funds to:

- a. meet unfunded demand from countries' existing Above Base Allocation requests;
- b. support repeat purchases of consumables (some of which is already in unfunded demand); and
- c. help countries respond to the rapidly evolving nature of the pandemic through accepting new requests for funding. Some countries are already revising their priorities for C19RM requests in real time.

An appropriate expansion in the capacity of Fast-track in the context of new donor contributions would simply ensure that it is as easy as possible for countries to express their needs in the way that suits them best.

11. The Secretariat does not anticipate any significant risks arising from this proposal, since the Fast-track mechanism is now well-established, and this proposal simply preserves an existing option for countries to use should they choose. In fact, by ensuring the current Fast-track ceiling does not constrain the rapid submission, review and approval of urgent requests for COVID-19 commodities, this proposal reduces the risk of potentially damaging delays.

## Annex 1 – Relevant Past Board Decisions

Relevant past Decision Point	Summary and Impact
<p><b>GF/AFC15/EDP02: Approval of Available Sources of Funds for the C19RM Mechanism</b></p> <p>April 2021</p>	<p>The Audit and Finance Committee:</p> <p>(i) approved an additional amount of USD 3,619 million as available sources of funds;</p> <p>(ii) acknowledged that the additional amount of USD 3,619 million would be applied to C19RM pursuant to Board decision points GF/B42/EDP11, GF/B43/EDP12 and GF/B44/ED18; and</p> <p>(iii) accepted that the total available sources of funds for C19RM would accordingly be USD 4,378 million.</p>
<p><b>GF/B44/EDP18: Second Extension of C19RM Timeline and Operational Flexibility for COVID-19</b></p> <p>March 2021<sup>1</sup></p>	<p>The Board approved a further extension of the timelines for the receipt, award, and use of funds for the Global Fund COVID-19 Response Mechanism based on further modifications proposed by the Secretariat.</p>
<p><b>GF/AFC14/EDP04: Approval of Available Sources of Funds for the C19RM Mechanism</b></p> <p>December 2020</p>	<p>The Audit and Finance Committee:</p> <p>(i) approved an additional amount of USD 41 million as available sources of funds;</p> <p>(ii) acknowledged that the additional amount of USD 41 million would be applied to C19RM pursuant to Board decision points GF/B42/EDP11 and GF/B43/EDP12; and</p> <p>(ii) accepted that the total available sources of funds for C19RM would accordingly be USD 759 million.</p>
<p><b>GF/AFC14/EDP02: Approval of Available Sources of Funds for the C19RM Mechanism</b></p> <p>November 2020</p>	<p>The Audit and Finance Committee:</p> <p>(i) approved an additional amount of USD 53 million as available sources of funds;</p> <p>(ii) acknowledged that the additional amount of USD 53 million would be applied to C19RM pursuant to Board decision points GF/B42/EDP11 and GF/B43/EDP12; and</p> <p>(iii) accepted that the total available sources of funds for C19RM would accordingly be USD 718 million.</p>

<sup>1</sup> <https://www.theglobalfund.org/board-decisions/b44-edp18/>

Relevant past Decision Point	Summary and Impact
<p><b>GF/B43/EDP12: Extension of C19RM Timeline and Operational Flexibility for COVID-19</b></p> <p><b>September 2020<sup>2</sup></b></p>	<p>The Board:</p> <p>(i) decided that the Secretariat may approve requests for C19RM funds through 15 April 2021;</p> <p>(ii) affirmed that all other previously approved principles under GF/B42/EDP11 would continue to apply to C19RM; and</p> <p>(iii) requested the Secretariat to return to the Board, through its committees as relevant, for additional consideration and approval should further extensions of C19RM be required, or if total additional funding for C19RM exceeds USD 500 million; and</p> <p>(iv) approved that the operational flexibility under paragraph 3 of GF/B42/EDP10, delegating authority to the Secretariat to grant limited exceptions to the quality assurance policies to waive the requirement for pre-shipment sampling and testing, would apply through 15 April 2021.</p>
<p><b>GF/AFC13/EDP01: Approval of Available Sources of Funds for the C19RM Mechanism</b></p> <p><b>August 2020</b></p>	<p>The Audit and Finance Committee:</p> <p>(i) approved the additional amount of USD 165 million as available sources of funds;</p> <p>(ii) acknowledged that the additional amount of USD 165 million will be applied to C19RM pursuant to Board decision point GF/B42/EDP11; and</p> <p>(iii) accepted that the total available sources of funds for C19RM shall accordingly be USD 665 million.</p>
<p><b>GF/B43/EDP07: Extending the wambo.org pilot to include COVID-19 products</b></p> <p><b>July 2020<sup>3</sup></b></p>	<p>The Board extended the scope of the pilot approved by GF/B42/DP05 to include COVID-19 products available in wambo.org for procurement by Global Fund Principal Recipients, subject to certain conditions and reporting.</p>
<p><b>GF/B42/EDP11: Additional Support for Country Responses to COVID-19</b></p> <p><b>April 2020<sup>4</sup></b></p>	<p>The Board has approved the creation and initial funding up to USD 500 million of a COVID-19 response mechanism to finance interventions consistent with WHO guidance on COVID-19 in the context of national Strategic Preparedness and Response Plans across the 5th and 6th replenishment periods.</p>
<p><b>GF/B36/DP04: Approval of the Amended and Restated Comprehensive Funding Policy</b></p> <p><b>November 2016<sup>5</sup></b></p>	<p>Based on the recommendation of the Audit and Finance Committee, the Board approves the Amended and Restated Comprehensive Funding Policy, as set forth in Annex 1 to GF/B36/02 - Revision 1.</p>

<sup>2</sup> <https://www.theglobalfund.org/board-decisions/b43-edp12/>

<sup>3</sup> <https://www.theglobalfund.org/board-decisions/b43-edp07/>

<sup>4</sup> <https://www.theglobalfund.org/board-decisions/b42-edp11/>

<sup>5</sup> <https://www.theglobalfund.org/board-decisions/b36-dp04/>