

# Increasing the Emergency Fund

GF/B46/ER13

4 March 2022

## **Board Decision**

Purpose of the paper: To request Board approval to increase the Emergency Fund by an additional USD 30 million to address urgent needs in several countries that have recently experienced natural disasters or are undergoing large scale conflicts that are impacting the provision of essential treatment and prevention services.

## Decision

### **Decision Point: GF/B46/EDP17: Increased Funding to the Emergency Fund**

*The Board expresses its concerns around the devastating effects of the recent invasion of Ukraine; Tropical Cyclone Ana in Mozambique and Malawi; and the conflict in Ethiopia's northwestern Tigray region and the grave consequences for human lives in these areas. The Board further reaffirms its commitment to responding efficiently and quickly to emergency contexts to ensure the continuity of life-saving health services through Global Fund-supported programs. Therefore, the Board:*

- 1. Acknowledges that additional funding is required for the Emergency Fund in order to ensure that there is sufficient funding to respond to current and evolving emergency needs;*
- 2. Approves the reallocation of USD 30 million from Audit and Finance Committee-approved portfolio optimization funds to the Emergency Fund.*

**Budgetary implications (included in, or additional to, OPEX budget):** USD 30 million, funded from available sources of funds identified by the Audit and Finance Committee under GF/AFC17/DP03.

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

# Executive Summary

## Context

- The Emergency Fund allows the Global Fund to respond swiftly and flexibly in emergency situations, helping prevent disruptions of essential treatment and prevention services that cannot be funded through the reprogramming of existing grant funds in certain emergency situations. The Secretariat has the authority to approve the use of the Emergency Fund and funds can either be deployed through existing grant structures (Principal Recipients or Sub-recipients) or through pre-qualified organizations, such as UNICEF, International Rescue Committee and Save the Children.
- When the Board approved the catalytic investment priorities for the 2020-2022 allocation period, it made available USD 20 million for the Emergency Fund. Currently there remains USD 9,032,597 in available funds, however there is a pipeline of approximately USD 17 million to respond to the impact of Tropical Cyclone Ana and the conflict in the northwestern Tigray region of Ethiopia. In addition, the Secretariat has finalized an emergency response package for Ukraine, which requires an additional investment of approximately USD 15 million.
- The Secretariat recommends that an additional USD 30 million be made available for the Emergency Fund to fill these needs and enable future emergency responses. The Secretariat recommends that this be funded through the funds that have already been made available by the Audit and Finance Committee (AFC) in October 2021 for portfolio optimization.
- The Secretariat considered requesting the Strategy Committee (SC) to approve a reallocation of funds from other catalytic priorities, but there is not sufficient funding identified and readily available to reallocate at this time, and the process to achieve this would prevent a sufficiently rapid response.

## Input Sought

The Board is requested to approve the following decision point:

- Decision Point: GF/B46/EDP17: Increased Funding to the Emergency Fund

## Input Received

- The Secretariat's recommendation is based on the current availability of funds in the Emergency Fund, the current pipeline of requests and the anticipated request for Ukraine, and the call to action from Board constituencies.

## What is the need or opportunity?

1. The Emergency Fund allows the Global Fund to respond to emergency situations<sup>1</sup> through a simple, streamlined, rapid and flexible mechanism. The revolving nature of the Emergency Fund allows for, where possible, reimbursement from country allocations once the emergency situation has subsided and if there is room to reprogram. It is not possible to predict when and where additional support for Global Fund-supported countries will be needed, as natural disasters and humanitarian emergencies cannot be predicted. In the last two months, Global Fund-supported countries have been affected by natural disasters (Tropical Cyclone Ana) and more recently the conflict in Ukraine.
2. The Emergency Fund allows the Global Fund to be responsive and provide additional funding to eligible countries to ensure the continued availability of essential prevention and treatment services, including, for example procurement and distribution of ART and tuberculosis treatment, supporting preventative measures (e.g., procurement and distribution of long-lasting insecticidal nets (LLINs)). In the previous implementation period (2017-2020), the Emergency Fund responded to needs in 10 countries totaling USD 25,778,663. The SC approved an additional USD 6 million for the Emergency Fund in 2019 to ensure there were sufficient funds to address urgent needs during this period.<sup>2</sup>
3. For the 2020-2022 allocation period, the Emergency Fund received USD 20 million in catalytic funding and is managed under the Strategic Initiative (SI) modality. The utilization period for the Emergency Fund is from 1 January 2021 to 31 December 2023. As of 1 March 2022, USD 15,967,403 has been used to ensure the continued availability of essential prevention and treatment services during specific emergency situations (see table 1). A total of USD 9,032,597 remains available.<sup>3</sup>

Table 1: Emergency Fund approvals as of 1 March 2022

Country	Focus	Components	Amount
Afghanistan	Continuation of life-saving services through the Sehatmandi Program in Afghanistan	TB, RSSH	USD 15,000,000
Haiti	Coverage of essential gaps in the malaria prevention and treatment campaign for the earthquake affected departments in Haiti	Malaria	USD 967,403

4. The Secretariat currently has a demand pipeline for the Emergency Fund of approximately USD 17 million to respond to the impact of Tropical Cyclone Ana (Mozambique, Malawi) and the conflict in Ethiopia's northwestern Tigray region. The Secretariat has also finalized an emergency funding proposal to support the continued provision of health services through the horrific conflict in Ukraine. The existing needs exceed the currently available funds in the Emergency Fund.

<sup>1</sup> For the purposes of the Emergency Fund, an emergency situation is defined as a country that is facing a Level 2 or 3 emergency, as classified by the Inter-agency Standing Committee (IASC) or a WHO classified Grade 2 or 3 emergency. The Secretariat may also consider providing support to other emergency situations based on strong justification.

<sup>2</sup> GF/SC10/DP01: Reallocation of Funding to the Emergency Fund for the 2017-2019 Allocation Period

<sup>3</sup> USD 5 million was reimbursed to the Emergency Fund from the Afghanistan country allocation.

# What do we propose to do and why?

## What is our proposal?

5. Based on the pipeline, and the need to respond rapidly in Ukraine and other countries, the Secretariat recommends that an additional USD 30 million be made available to the Emergency Fund, which would thereby increase the total ceiling to USD 50 million. These additional funds would ensure that the Secretariat can respond to immediate requests and any new emergencies in the short-term. The Secretariat will, where possible, reimburse the Emergency Fund with relevant country allocations, however there may still be a need to top up the mechanism in the future as emergencies cannot be predicted.
6. The Secretariat can request the Strategy Committee (SC) to approve reallocations among catalytic investment priorities that exceed 10%<sup>4</sup>, and this approach was used in the last cycle to top up the Emergency Fund in July 2019. However, doing this requires the identification of funds to be reduced from one catalytic investment to be added to another, which is challenging at this stage of the cycle given that implementation is still in early phases and most funding has been approved. While we anticipate that there will be scope to reallocate SI funding of this magnitude, it will take time to identify and agree to the specific surpluses. Currently the only unapproved SI funds that remain relate to the TERG Independent Evaluation SI (USD 16.5 million). Yet given that we will need to ensure sufficient funds for independent evaluation in 2023 and the ongoing discussions happening in parallel about whether independent evaluation should be funded through OPEX or SIs, this cannot be reallocated without significant further discussion. The Secretariat does have delegated authority to reallocate SI funds to a limit of 10% of the relevant SI funds. However, 10% of the USD 20 million Emergency Fund is only USD 2 million and would be insufficient to meet urgent needs.
7. The Secretariat recommends that the Emergency Fund be increased with funds that have already been made available by the Audit and Finance Committee (AFC) under GF/AFC17/DP03 for portfolio optimization. Of the USD 100 million that was made available, USD 83.9 million remains available in anticipation of a full portfolio optimization exercise to be conducted in Q2 2022, which will allow for the consideration of year 1 programmatic and financial results as well as the reconciliation of grants from the 2017-2019 allocation period, which is still in progress at this time.<sup>5</sup>
8. The Secretariat is currently exploring ways to be more agile and responsive to emerging needs within catalytic investments, and the Emergency Fund in particular, including by identifying improved and streamlined processes that better enable swift deployment of unused and/or forecasted underspend. While this broader effort cannot be completed in time to address the immediate issue, the Secretariat will consider improvements and discuss with both the SC and AFC, including presenting any needed decisions for approval.

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<sup>4</sup> [GF/B41/DP04](#), which notes the Secretariat will (i) have flexibility to operationalize catalytic investments; (ii) update the SC and Board on such operationalization; (iii) have flexibility to reallocate associated costs among the approved priorities under any applicable scenario, within 10% of the approved amount of associated costs for a specific priority; and (iv) present any reallocations of associated costs exceeding 10% for a specific priority for the SC's approval.

<sup>5</sup> Of the USD100 million, the Board approved the use of USD12 million for Venezuela under the Approach to Non-Eligible Countries in Crisis ([GF/B46/EDP02](#)) and has made targeted awards limited to Transition Funding grants from the 2017-2019 allocation period (GF/B46/ER11, voting is currently in progress)

## **What are the risks and proposed mitigations?**

9. The Emergency Fund is the most effective tool that the Global Fund has to respond quickly to emergency situations. In making this proposal, the Secretariat has weighed the trade-offs of using portfolio optimization funds to further invest in eligible countries with unfunded quality demand against providing additional funds to the Emergency Fund. If the Emergency Fund is not adequately replenished, the Global Fund will be unable to support countries and communities address ongoing and future emergencies, which risks derailing the Global Fund's mission to fight HIV/AIDS, tuberculosis, and malaria and strengthen systems for health in affected regions. To mitigate the risk of limiting available funds for portfolio optimization, the Secretariat will seek to recover these funds for portfolio optimization, if possible and reasonable, from any unused and/or forecasted underspend catalytic funding over 2022-2023.

## **What is needed next to progress?**

### **What is required to progress the proposal?**

10. The Board is requested to approve an increase of USD 30 million for the Emergency Fund for the 2020-2022 allocation period to ensure that the Secretariat can continue to respond rapidly to emergency situations in the near and short- to medium-term. A decision not to approve this increase would leave the Secretariat with insufficient funds to finance the existing pipeline of requests and any future emergencies.

## **Recommendation**

The Board is requested to approve the Decision Point presented on page 2.

## Annex 1 – Relevant Past Board Decisions

<b>Relevant past Decision Point</b>	<b>Summary and Impact</b>
<b>GF/AFC17/DP03: Approval of Available Sources of Funds for Portfolio Optimization and Financing Unfunded Quality Demand for the 2020-2022 Allocation Period</b>  (October 2021)	The Audit and Finance Committee approved USD 100 million as the amount to be made available for portfolio optimization of grants.
<b>GF/B41/DP04: Catalytic Investments for the 2020-2022 Allocation Period</b>  (May 2019) <sup>6</sup>	The Board approved the catalytic investments under different funding scenarios for the 2020-2022 allocation period.

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<sup>6</sup> <https://www.theglobalfund.org/board-decisions/b41-dp04/>