

# **Report of the Executive Director**

48th Board Meeting  
GF/B48/07  
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# Table of Contents

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<b>Introduction .....</b>	<b>3</b>
<b>2. Progress Against Our 2022 Priorities .....</b>	<b>5</b>
2.1 Get back on track in the fight against HIV, TB and malaria.....	5
2.2 Mitigate the impact of COVID-19.....	9
2.3 Drive efficiency and effectiveness .....	10
2.4 Invest in people .....	11
2.5 Deliver a successful Seventh Replenishment .....	12
2.6 Prepare to implement the next Strategy .....	14

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<b>3. Priorities for 2023.....</b>	<b>16</b>
3.1 Maximize impact on HIV, TB, malaria, COVID-19 and health systems in the current grant cycle .....	18
3.2 Develop high-quality grants aligned to the new Strategy .....	19
3.3 Enhance our organizational ability to deliver on strategic priorities .....	28
3.4 Invest in our people and culture .....	29
3.5 Sustain our resource mobilization momentum .....	30

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<b>Conclusion .....</b>	<b>30</b>
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## Introduction

2022 has been another momentous year for the Global Fund. We invested more than ever before. We secured more money in donor pledges than in any previous Replenishment. We made significant changes in transitioning to our new Strategy. This new Strategy puts people and communities at the center of everything we do, recommits the partnership to our ambition to end HIV, tuberculosis (TB) and malaria as epidemics, and intensifies our focus on building stronger and more inclusive systems for health better able to protect everyone from infectious diseases.

It has also been a year of immense challenges. COVID-19 is far from over, and while there has been a marked recovery in many countries, we have not yet reversed the setbacks to health services caused by the pandemic. The war in Ukraine, and conflicts elsewhere, have disrupted health services and have led to sharply higher food and energy prices across the world. Climate change has resulted in hunger, displacement and an increasing frequency of extreme weather events, such as the floods in Pakistan, causing destruction to health facilities and fueling upsurges in infectious diseases. A cascade of crises has created acute competition for resources and political attention.

For the poorest and most marginalized across the world, this has been a brutal year. Disease outbreaks, conflicts, climate change, and food and energy price hikes hit these communities the hardest. Whatever the root cause, such crises are often deadliest through fueling infectious disease threats. Most conflicts kill more people via infectious diseases than by bullets and bombs. Floods in Pakistan and other extreme weather events will likely cause most deaths due to their impact on infectious diseases like malaria and cholera. Inequitable responses exacerbate the impact.

The Global Fund continues to demonstrate its versatility in this extraordinarily challenging context. We have responded to the rapidly evolving shape of the COVID-19 pandemic by working with countries to implement extensive reprogramming and portfolio optimization of COVID-19 Response Mechanism (C19RM) awards. We have reacted to multiple crises, such as those in Ukraine and Pakistan, by reprogramming and releasing emergency funds to a greater extent than ever before. We have demonstrated that we can work effectively and swiftly across the humanitarian and development nexus.

Global events and an immensely challenging geopolitical and macroeconomic context inevitably affected the Seventh Replenishment. The launch of the Investment Case in February coincided with Russia's invasion of Ukraine. We had to move the date of the Replenishment Conference, since the original date clashed with the funeral of Queen Elizabeth II. Donors faced an unprecedented array of competing demands and acute fiscal and political pressures. Currency movements and inflation eroded the value of donor

pledges. While we fell short of our target of US\$18 billion, what we did secure – US\$14.25 billion – represents a remarkable achievement. Moreover, the amount of high-level political support was unprecedented. Led by President Joe Biden of the United States, 18 heads of state or government participated in the Replenishment Conference, including most G7 leaders.

From a financial perspective, the Replenishment outcome, when it is ultimately finalized at the Board meeting, will not be how we would have wanted to begin the next grant cycle and the implementation phase of the new Strategy. We still await certain pledges, but the Base Case Scenario, which we created for planning purposes based on credible, expected pledges, gives an indication of the potential outcome. With Country Allocations of US\$12.75 billion, Catalytic Investments of US\$300 million and an operating expenditure (Opex) envelope of US\$995 million, the entire partnership and above all, countries and communities, will be confronted by some very difficult trade-offs.

At US\$12.75 billion, Country Allocations for the Seventh Replenishment grant cycle (GC7) will increase by only 0.2% versus the Sixth Replenishment grant cycle (GC6). Given the scale of the setbacks due to COVID-19, plus inflation, this will mean Country Coordinating Mechanisms (CCMs) will be confronted with some extremely difficult choices, as they work out how to sustain continuity of essential services while also investing in the new strategic priorities.

Catalytic Investment funding will be reduced from US\$890 million in GC6 to US\$300 million in GC7, although with the addition of private sector contributions this becomes US\$408 million.

While we have managed to preserve funding for a number of critical priorities, such as human rights, this reduction will have significant implications for our ability to sustain momentum in a number of critical areas, such as malaria eradication in the Mekong, accelerating equitable access to innovations, or multi-country HIV initiatives. The full consequences of the reduction in Catalytic Investments will depend on how much it can be offset through investments through Country Allocations or targeted deployment of set-aside resources.

At US\$995 million, Opex will be broadly flat to our current level in 2022, taking into account the recategorization of evaluation and CCM costs, and the commitment to increased investment on prevention of sexual exploitation, abuse and harassment (PSEAH). To be able to invest in areas prioritized in the new Strategy, such as gender and community systems, we will need to find efficiency savings elsewhere. Given inflationary pressures, the scope for such investments within this envelope will necessarily be limited.

Delivering our strategic aspirations with these constrained resources will require the partnership as a whole to make difficult trade-offs around priorities and phasing. Some of these difficult choices will need to be made by the Board and some by the Secretariat, but

ultimately it will be at the country level that the hardest choices will be faced. Sustaining progress will also require us to draw on the full resources of the partnership, not least because donor set-asides for technical assistance (TA set-asides), which in the Base Case Scenario amount to US\$678 million, have increased by 34%, far more than any other resource component.

Yet resource constraints can also be an impetus for innovation and controlled risk-taking. While we cannot escape the reality that we do not have the resources we would ideally want to have to deliver our mission and implement the Strategy, we must take this as a challenge to become even more effective in maximizing the impact of every dollar we invest. We cannot afford to waste a cent.

The scale of the gap between the financial resources we have secured and the needs we see underscores the imperative for ongoing resource mobilization. Our immediate priority is to secure and maximize the outstanding pledges so that we can do better than the Base Case Scenario. Beyond this, we will need to continue our efforts to mobilize more resources, both for the Global Fund and for domestic health funding. This will require the effort of the entire partnership and an even greater focus on non-grant financing, including debt swaps and blended finance solutions. Yet we should have no illusions. Given the global economic outlook, the multiple demands on donor development assistance budgets, and the fiscal and debt pressures on many implementer countries, this will be a heavy lift.

The Global Fund was created to confront seemingly impossible challenges. Once again, we must show that we can make what looks impossible, possible. We cannot fail, because too many lives depend on us. We will not fail, because we know that when we work together, the Global Fund partnership has an extraordinary ability to surmount even the most daunting challenges.

## **2. Progress Against Our 2022 Priorities**

Before turning to how we can meet the challenges ahead, it is important to take stock of how we have been doing this year. In this section I briefly summarize progress against the six priorities for 2022 set out in my last annual report to the Board.

### **2.1 Get back on track in the fight against HIV, TB, and malaria**

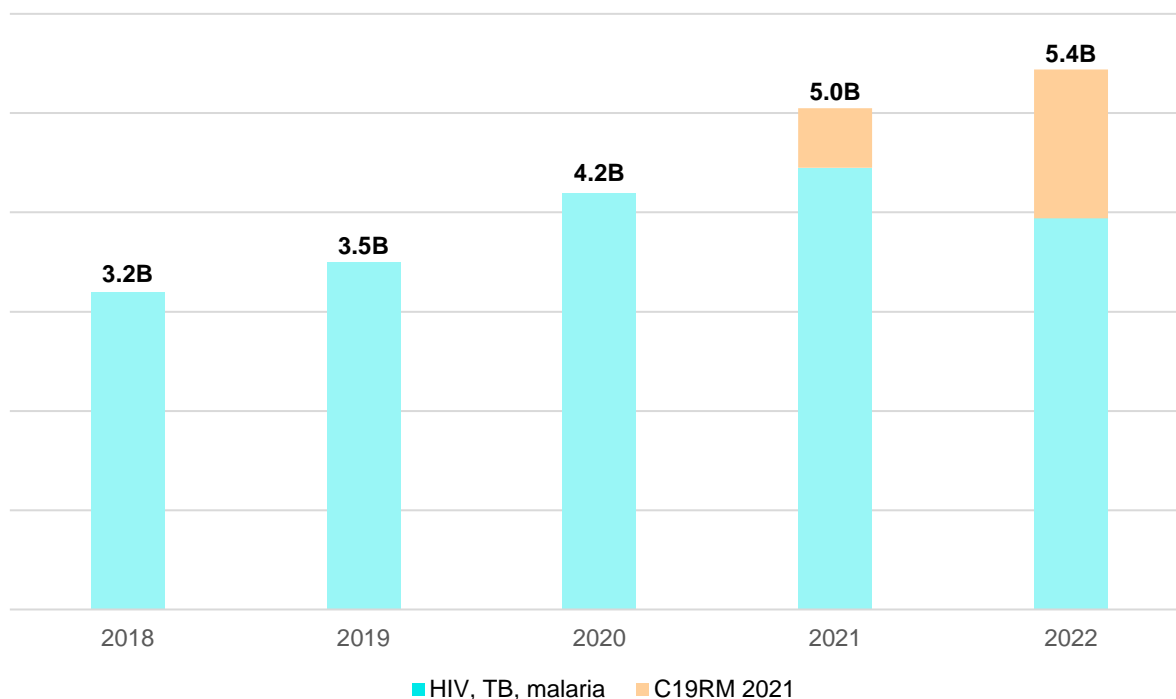
In 2020, COVID-19 caused significant reverses in HIV, TB and malaria services across many countries. In 2021, as described in our recent Results Report, many countries managed to recover, with key metrics returning to near or above 2019 levels.

In 2022, these positive trends have continued in most countries, supported by record levels of investment across both the core HIV, TB and malaria portfolio and C19RM.

Figure 1 indicates that total disbursement for 2022 is forecast at a record US\$5.4 billion, up from US\$5.0 billion in 2021 and US\$4.2 billion in 2020.

## Annualized total disbursements across C19RM and HIV, TB and malaria

Figure 1



For HIV, TB and malaria specifically, disbursement for the Sixth Replenishment grant cycle (GC6) stands at US\$5.2 billion as at June 2022, or 89% of budget. This is an increase of 27%, or US\$1.1 billion, versus the last cycle. We are on track to deliver on our absorption target. As of June 2022, GC6 in-country absorption (ICA) was 67% (for High-Impact and Core countries based on proximal data), compared to 59% at the same point in the previous cycle. Our latest forecast for the end of GC6 is allocation utilization of 93% and we intend to reach the target ICA of 85%. These are record figures (and are consistent with the carryover of only US\$250 million included in the Base Case Scenario).

While robust data on 2022 programmatic performance are not yet available, the indications are that the positive trends achieved in 2021 are generally being continued. For example, in both Q1 and Q2 2022, Principal Recipients (PRs) reported 84% of modules across all diseases (in High-Impact and Core countries) as on-track or only experiencing minor issues, compared to 80% in Q4 2021 and 70% in Q3 2021.

However, despite the overall recovery in HIV, TB and malaria service metrics, we still have some way to go to recover lost ground in infections and deaths. Moreover, there are a significant number of countries where conflict (e.g., in Afghanistan, Ukraine, Myanmar) or climate change-related extreme weather events (e.g., in Pakistan, Mozambique) have hampered progress or pushed us back. Our response to such crises has demonstrated the Global Fund partnership's agility and flexibility. Already this year we have awarded US\$40 million through the Emergency Fund, more than in any previous year.

Complementing our disease-specific investments, we are investing at a record pace in building resilient and sustainable systems of health (RSSH). This year we will invest approximately US\$1.5 billion in formal and community systems for health. We are delivering a significant step-up in investments in community systems for health, up 95% over GC5.

The publication of the midterm assessment of the Global Fund's Breaking Down Barriers initiative in July 2022 provided encouraging evidence that targeted interventions to address human rights-related barriers to accessing health services can deliver significant progress.<sup>1</sup>

## Ukraine: Ensuring Lifesaving TB Care Amidst Conflict

Shortly after the Russian invasion of Ukraine, the city of Chernihiv came under siege for more than a month and suffered widespread damage. This included the destruction of a hospital that provided TB diagnosis and treatment. Prior to the war, the facility had a TB dispensary that supported people with TB in serious condition who stayed at the hospital, as well as people on treatment within the community. The hospital also had one of Ukraine's most sophisticated medical laboratories.

Due to the fighting, the entire facility was destroyed, and patients and staff survived an unimaginable ordeal, including having to evacuate under fire not once, but twice. All the medications stored at the dispensary were destroyed, which meant that every TB patient that depended on the dispensary was cut off from treatment.



The Global Fund rapidly responded to the emergency in Ukraine, including to the acute needs in Chernihiv. Working alongside the Ministry of Health and local and international partners, the Global Fund helped arrange an emergency transfer of two loads of TB

<sup>1</sup> Global Fund Breaking Down Barriers Initiative, Mid-term Assessment Summary Report (July 2022)



medicines in Chernihiv. Every TB patient in the city was back on treatment within a week. Immediately following the Russian invasion, the Global Fund approved US\$15 million in emergency funding for Ukraine, with US\$11 million allocated to the procurement of HIV,

*The Global Fund/Sergey Siviakov*

## Breaking Down Barriers

Global Fund investments are achieving significant progress in breaking down human rights and gender-related barriers to access HIV and TB services. The Global Fund's Breaking Down Barriers initiative is a groundbreaking effort to confront these injustices.

Through Breaking Down Barriers, we have provided catalytic matching funds and technical support to drive the development and implementation of country-owned national programs to address the injustices that continue to threaten progress against HIV, TB and malaria. Through this initiative, the Global Fund provides financial and technical support to 20 countries to remove human rights-related and gender-related barriers to HIV, TB and malaria services.

The Global Fund recently conducted a midterm assessment of the 20 countries where the initiative runs. The assessments scored programs on a 0-5 scale to reflect an expansion of the program and its impact. The results show that the Global Fund is making progress in removing human rights-related barriers to HIV services, with a mean increase of 0.9 points from baseline on the 0-5 scale. However, even the top-five scoring countries (Ukraine 3.7, Jamaica 3.5, Botswana 3.3, Senegal 3.1 and Kenya 3.1) are falling short of the scores that would represent a comprehensive response at a national level (above 4.0). Sierra Leone (+1.7), Jamaica (+1.6), Cameroon (+1.3) and Mozambique (+1.3) showed the greatest increase in scores.

*UNDP Sudan/Ala Eldin Abdalla Mohamed*

TB and opioid substitution therapy commodities. This funding is in addition to grants, catalytic matching funds and the country's COVID-19 response – totaling nearly US\$190 million in contributions.



But it is more than just scores – we are seeing tangible change within communities. In Botswana, when community dialogue work began, many traditional chiefs were hostile to key populations (transgender and intersex people, gay men and other men who have sex with men, sex workers), with some openly declaring that they did not want them in their communities. When organizations led by and representing key populations facilitated dialogues with traditional leaders to discuss issues related to human rights, harmful gender norms and gender-based violence, they observed how these conversations helped break down barriers. One informant described the immediate impact: “By the time the traditional chiefs walked out the door, they had completely changed. The power of bringing people directly affected to represent the issues caused...a real breakthrough.”



## 2.2 Mitigate the impact of COVID-19

Through C19RM, the Global Fund has played a vital role in supporting low- and middle-income countries' responses to COVID-19 as the largest provider of grants for all the non-vaccine elements of the response. By October 2022, we had raised almost US\$5.0 billion and approved US\$4.4 billion of funds to 125 countries and regional programs.

As the pandemic has evolved, so too have countries' needs. Up to US\$500 million of awards have been reprogrammed within countries, and we are now engaged in working with implementing partners to invest a further US\$867 million, combining portfolio optimization of US\$400 million from existing awards, and some US\$467 million of unawarded funds. Funding requests submitted by countries as part of this exercise reflect their changing priorities, with less emphasis on the immediate COVID-19 response and greater focus on mitigating the impact on HIV, TB and malaria and on reinforcing key health systems components, such as disease surveillance and community health workers. Initial awards for C19RM 2021 were split 76% for the national COVID-19 response, 13% for urgent improvements to health and community systems, and 12% to mitigate the impact on the three diseases (figures are rounded). Of the US\$1.7 billion of funding requests submitted as part of the current portfolio optimization exercise, only 19% is for the immediate COVID-19 response, 56% is for urgent improvements to health and community systems and 25% is to mitigate the impact on HIV, TB and malaria.

To facilitate this marked shift towards longer-term investments in strengthening critical health system infrastructure and capacities, we have sought Strategy Committee and Board approval to extend the C19RM 2021 timeframes since complex health system enhancements take longer to prepare and implement.<sup>2</sup> This need for careful planning and extended implementation timetables has been exemplified by our experience with C19RM investments in oxygen, which now amount to US\$566 million. Helping countries enhance their ability to provide lifesaving medical oxygen services requires a combination of procurement of sophisticated equipment (e.g., pressure swing adaptors), with complex requirements and lengthy delivery times, investments in physical infrastructure to enable delivery of oxygen to the bedside, and extensive training of medical staff. Yet there are enormous benefits to enhancing these capabilities, not just for the COVID-19 response or broader pandemic preparedness, but also for improving treatment outcomes across a number of existing conditions, including TB and maternal health.

C19RM absorption thus far looks low relative to what we achieve with our HIV, TB and malaria grants, with an ICA as of June 2022 of 60% for C19RM 2020 (with the balance rolled in C19RM 2021) and 25% for C19RM 2021. However, this should be seen in the context of the relatively short time frames for implementation (most C19RM 2021 awards were made in the second half of 2021) plus a deliberate effort to enable countries to modify investment plans as the pandemic has evolved, and as new diagnostic and treatment options have emerged.

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<sup>2</sup> GF/SC20A/06 – Extension of the COVID-19 Response Mechanism (C19RM)

Given how rapidly the epidemiology and perceived threat from COVID-19 have changed, we should not be surprised that countries' priorities have also changed. Nor should we be surprised if these priorities change again, since the outlook for COVID-19 remains extremely uncertain, and we could see new deadly variants. From the start of the pandemic, our aim has been to ensure that C19RM remains responsive to the rapid evolution of needs, so that we maximize the impact of every dollar.

## **2.3 Drive efficiency and effectiveness**

During 2022, we have continued to enhance both efficiency and effectiveness.

In terms of efficiency, and looking at the Global Fund's activities as a whole, combining HIV, TB and malaria and C19RM, we forecast that in 2022, operating costs as a percentage of adjusted pledges will hit a record low of 6.1%, below the 2021 figure of 6.4%, which was itself a record. Yet this level of reported efficiency is actually suboptimal, since it reflects both an unintended suppression of travel and meeting costs in the first half of 2022, due to COVID-19-related restrictions, plus an unsustainable workload on Secretariat teams and individuals. We are seeing increasing signs of strain across the Secretariat, with 2022 figures for sick leave matching the record levels witnessed in 2021, including a worrying increase in cases of burnout. Looking forward we are experiencing inflationary pressures across multiple cost categories. As we seek to adjust our Opex budget to the complexities of the Seventh Replenishment outcome and simultaneously respond to the implications of the new Strategy, we should be wary of seeing our 2022 efficiency ratios as an achievable or desirable benchmark.

In terms of effectiveness, we have made significant steps to improve our ability to deliver impact across multiple dimensions of our activity. For example,

- Following Board approval of our new Independent Evaluation Function, we have appointed a Chief Evaluation and Learning Officer (CELO) and established the Independent Evaluation Panel (IEP). Together, the CELO and IEP are devising an evaluation calendar and priorities. This is an important step in enhancing the effectiveness of the Global Fund partnership through learning and continuous improvement, and it is central to the more rigorous Monitoring and Evaluation Framework put in place to support implementation of the new Strategy.
- As a complementary step, in October we reconfigured the Secretariat's monitoring activities to form a new Programmatic Monitoring Department (PMD). PMD reports to our Chief Risk Officer as part of a new division, the Programmatic Monitoring and Risk Division (PMRD). We have initiated the recruitment of a Head of PMD.
- We continue to invest in core systems and platforms to support efficiency and effectiveness across the partnership. For example, in 2022, we have continued to invest in the Grant Operating System (GOS) to enhance implementation oversight, grant recoveries and pulse checks. We have also made progress in supporting our hybrid operating model through the Digital Culture, Skills and

Tools (DCST) workstream of the Future of Work program. Through the Data Lake and Data Marts we have strengthened our ability to consolidate and analyze multiple different sources of structured and unstructured data. Working with Supply Operations, our technology team has also been helping countries devise and implement supply chain digitalization roadmaps. To ensure continued resilience of our systems, ISO certifications have been achieved for both Business Continuity and Cyber Security.

- On the critical issue of PSEAH we have made significant progress during 2022. Following endorsement of the PSEAH risk management plan and rollout schedule in April, we have been taking a risk-based approach to acting on critical areas such as awareness building, grant-level risk management and prevention, capacity building, case management, and victim support. We have significantly increased Secretariat resources for PSEAH. We still have much more to do, and we recognize we must accelerate progress in 2023.

## **2.4 Invest in people**

2022 has been an extremely demanding year for the staff of the Secretariat, as it has also been for many of our partners. Following the intensity of the first two years of the pandemic, we had hoped that 2022 would bring some respite, but this has not happened. COVID-19 has not disappeared (in fact we had more COVID-19 cases amongst senior management this year), conflicts and other crises around the world have created new challenges, and we have had to conduct a particularly challenging Replenishment campaign.

As a result, we are seeing worrying signs of overstretch. Untaken leave has reached record levels. The number of individuals unable to work because of long-term sickness or burnout deeply concerns me.

We have sought to alleviate the pressure on staff by rigorous prioritization, streamlining processes and additional hiring. However, the new Strategy adds priorities (as evidenced by the 30% increase in required documentation for funding requests), while the ever-increasing (and understandable) demand for control and transparency runs counter to the desire for process simplification. Hiring is proving increasingly challenging, given the competition for talent and inflationary pressures. We are seeing more instances where we are unable to offer a competitive package.

Given tight budget constraints in 2023, and the demands of launching the new grant cycle and implementing the new Strategy, I anticipate some challenges in reconciling the tension between workload and staff health and well-being. The detailed workforce planning exercise we conducted during the summer as part of implementation planning for the new Strategy reveals a disconnect between the resources required to drive the new Strategy effectively and what we are actually likely to have.

On a more positive note, we continue to make progress in creating a more attractive, inclusive and flexible work environment. For example,

- During 2022 we formalized our Diversity, Equity and Inclusion (DEI) Strategic Plan, which we developed through a combination of a highly consultative co-creation process informed by a maturity assessment including external benchmarking. Led by our DEI Working Group, we continue to pursue a range of initiatives, including Race in the Workplace training and themed months (e.g., this month we are focusing on disability, chronic illness and mental health). One important milestone is that we have now achieved gender balance at all levels of the organization, including at the Management Executive Committee (MEC).
- To take forward our commitment to tackle longstanding concerns about psychological safety, we have conducted the first-ever organization-wide assessment of psychological safety and are now using this as the basis for kickstarting a discussion across the Secretariat about how we ensure everyone in the organization feels safe and encouraged to voice their ideas, perspectives and concerns. Following a townhall last week at which we shared the overall results of the survey, we are launching departmental and team-based discussions to explore the issues and come up with actions. To complement this process, we have also commissioned an Office of the Inspector General (OIG)-led Advisory review of internal justice mechanisms.
- We have made significant progress in adapting our physical space and policies to support a hybrid working model, including a re-stack of the Global Health Campus (GHC) to increase capacity and collaborative spaces, and formal articulation of the requirement for staff to spend at least 40% of their time in the workplace.

## **2.5 Deliver a successful Seventh Replenishment**

The Seventh Replenishment was in many respects a remarkable achievement, given the extremely challenging context. Against a backdrop of global macroeconomic turbulence and acute geo-political tensions, plus pressure on donor development resources and a profusion of other competing needs, we secured a record level of pledges. We did not attain our target of US\$18 billion, but the US\$14.25 billion announced in NY is the highest ever level of pledges to the Global Fund. With the addition of anticipated pledges, this figure will increase further.

I am deeply grateful to Joe Biden, President of the United States, and the U.S. government for successfully hosting the Seventh Replenishment. I am also extremely grateful to all 45 public donors and 27 private donors who responded to our call and made pledges. I am particularly appreciative of those donors that increased their commitments by the 30% we asked for in the Investment Case, such as Canada, the European Commission, Germany, Ireland, Japan, Luxembourg, Rwanda, Saudi Arabia, South Africa, Spain and the U.S., as well as those that increased their commitment by even more than 30%, namely Côte d'Ivoire, Kenya, the Republic of Korea, Portugal, Togo and Uganda. France and Kuwait increased

by 23%. Led by the Bill & Melinda Gates Foundation, which increased its pledge by 20%, the private sector committed US\$1.23 billion, US\$108 million more than for the Sixth Replenishment. I am also very encouraged by the fact that we gained eight new or returning public donors and 16 private donors.

Despite the last-minute shift in the date of the Replenishment Conference, an unprecedented 18 heads of state and government attended. Countries represented at head of state or government level included Burkina Faso, Canada, the Central African Republic, the Democratic Republic of the Congo, the European Commission, France, Germany, Japan, the Republic of Korea, Malawi, Malta, Rwanda, Spain, Switzerland, Tanzania, Uganda, the U.S. and Zimbabwe. Twenty-two ministers from donor and implementing countries were also in attendance, along with 32 senior representatives of private sector partners. This was an unprecedented display of political support.

Given the extraordinarily challenging geo-political and economic context, including multiple competing demands on donor aid budgets, competing agendas in global health and intense fiscal pressures, these successes were an immense achievement. I thank all those across the partnership who worked so hard over the last year to make this happen. Community champions who brought to life what is at stake, through their energy and passion, and their moving individual stories. Donor Board members who fought in the Global Fund's corner in their own bureaucracies. Technical partners who articulated the role the Global Fund plays in working with them to deliver the broader global health agenda. Political leaders in donor countries who stepped up to explain why their taxpayers should care. Their counterparts in implementer countries – such as the five African presidents who hosted the launch of the Investment Case – who advocated for the Global Fund and committed their own resources in support. Individual philanthropists and corporate leaders who added their voices – and money – to support our mission. The team at the Secretariat who worked tirelessly to overcome the obstacles and maximize the result. There are too many people to list, but I thank them all. A Replenishment campaign is not just the process by which we raise money; it is an inspiring reminder of our collective commitment to saving lives and creating a healthier, more inclusive world.

Yet there's no escaping the fact that the US\$14.25 billion we announced in New York fell far short of the US\$18 billion we were aiming for. Moreover, the combination of increased technical assistance set-asides (TA set-asides) and U.S. matching considerations means that this US\$14.25 billion translates into lower Sources of Funds than the US\$14 billion we raised in Lyon in 2019. The outcome will improve as we secure pledges from the donors who were unable to pledge in New York, but as a partnership, we will face significant resource constraints. CCMs will be confronted with very difficult trade-offs.

For planning purposes, and to enable the Committees to make recommendations to the Board, we have created a Base Case Scenario based on credible information about pledges we expect to receive by the time the Board makes the critical decisions on Sources of Funds, including how available resources should be deployed into Country Allocations, Catalytic Investments and Opex. This Base Case Scenario also includes a US\$250 million carryover from the Sixth Replenishment.

The Base Case Scenario results in total pledges of US\$15.47 billion, which translates into adjusted pledges of US\$13.18 billion. Adding the carryover of US\$250 million results in Available Sources of Funds of US\$13.43 billion. The Secretariat has recommended that this be deployed as Catalytic Investments of US\$300 million, Opex of US\$995 million and Country Allocations of US\$12.75 billion (which includes an over-allocation of 5%).

I discuss the implications of these figures in the next chapter **3. Priorities for 2023**. Obviously, we hope that the final figures on which the Board will make decisions next week represent an improvement on the Base Case Scenario.

## **2.6 Prepare to implement the next Strategy**

Throughout the year, teams across the Secretariat have been engaged with partners in planning for implementation of the Global Fund's new Strategy. Across the "10 key changes" and the associated building blocks of the Strategy, we have been working through what these require in terms of policy changes, resource requirements, revised guidance to CCMs and implementers, modifications to funding request templates and process, enhanced Technical Review Panel (TRP) review guidelines, and new or amended performance metrics, Key Performance Indicators (KPIs) and monitoring approaches.

Many of the key elements of the Strategy have already progressed beyond planning into implementation. For example,

- To ensure the new Strategy is well understood at a country level, we have already conducted seven webinars for CCMs and PRs, and published Information Notes on HIV, TB, malaria and RSSH which describe an investment approach that will enable different elements of the Strategy.
- Through the CCM Evolution Strategic Initiative we engaged with 93 CCMs to reinforce their effectiveness in i) overseeing our investments; ii) driving meaningful engagement with communities and civil society during grant-making; iii) positioning them within national structures; and iv) managing core operations. Targeted interventions include guidance notes, increased resourcing, technical assistance and regular composition reviews.
- We have introduced significant changes to the funding request requirements, including:
  - o An entirely new section asking applicants to demonstrate alignment with the key building blocks of the new Strategy.
  - o A new annex on RSSH gaps and priorities, plus a requirement to indicate RSSH funding in the program split confirmation.



- Another new annex for civil society and communities to document their top 20 priorities as input to the funding request development and grant-making.
  - A request to include a gender assessment as an attachment to the funding request, if available, as an input to the new Gender Equality Marker (GEM).
  - An equivalent requirement to include a human rights assessment.
  - A requirement to provide an assessment of progress against HIV, TB and malaria program essentials in the funding request data tables, plus plans to address any that are off track
  - Updated Programmatic Gap Tables, including a new table for Community Health Workers (CHWs).
  - Inclusion of specific pandemic preparedness interventions in the RSSH modules in the Modular Framework, plus a requirement to document how Global Fund-supported programs will contribute to pandemic preparedness.
  - Revised Funding Landscape Tables and Commitment Templates to provide greater visibility on financing context and enhance impact of co-financing commitments.
- To emphasize that the Country Dialogue preceding the development of funding requests must be sufficiently inclusive, we also requested CCMs to provide a description of the process undertaken to engage a broad range of stakeholders, including affected communities.
  - To underscore the importance of protection against sexual exploitation, abuse and harassment (PSEAH), we are encouraging countries to undertake assessments of PSEAH at a program level. Ten pilot countries will be required to submit such assessments as part of their funding requests.
  - We have launched our enhanced market-shaping approach, in close partnership with Unitaaid and other key partners, including mapping of the multi-year product pipeline with inputs from disease partners.
  - We have engaged with the new Board of the Financial Intermediary Fund (FIF) to explore what role the Global Fund could potentially play as an Implementing Entity, leveraging the fact that we are uniquely positioned to help countries build pandemic preparedness on a marginal cost basis.

Our challenge now is to reconcile the ambition of our Strategy with the realities of the Replenishment outcome. The new Strategy was not based on a particular level of financial resources, and even if we had achieved the US\$18 billion Replenishment target, we would

have faced acute trade-offs. With the actual Replenishment outcome, these trade-offs will become more challenging. Continuity of service considerations will mean that many countries will have extremely limited funding capacity for new initiatives. Consequently, we will have to work closely with our implementing partners to prioritize and phase the implementation of different components of the Strategy in light of the national context. In fact, our level of planning and preparation for implementation of the Strategy in some respects exceeds what we will be immediately able to fund, so we will need to be careful in managing expectations.

I return to this topic in section **3.2 Develop high-quality grants aligned to the new Strategy.**

### 3. Priorities for 2023

Here I offer a preliminary perspective on priorities for 2023, while being conscious that we are adapting in real time to the financial constraints of the Replenishment outcome.

#### Sources of funds from the Seventh Replenishment: “Base Case Scenario”

Figure 2

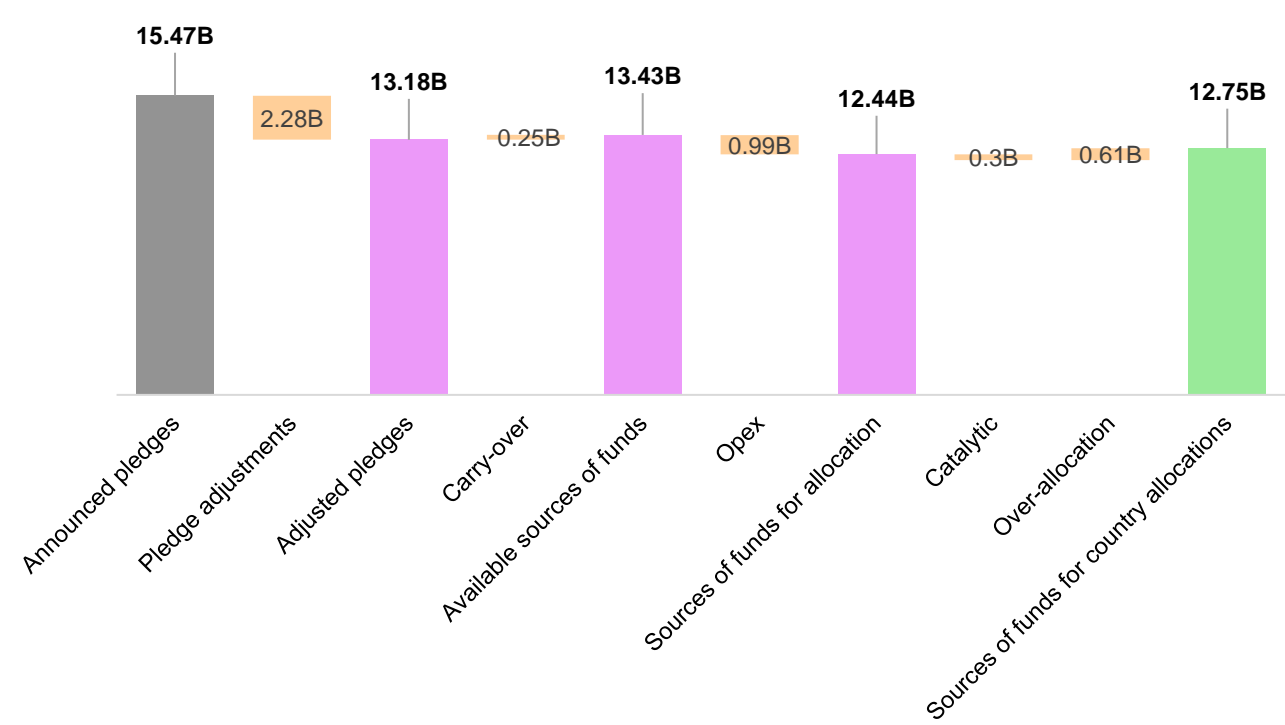
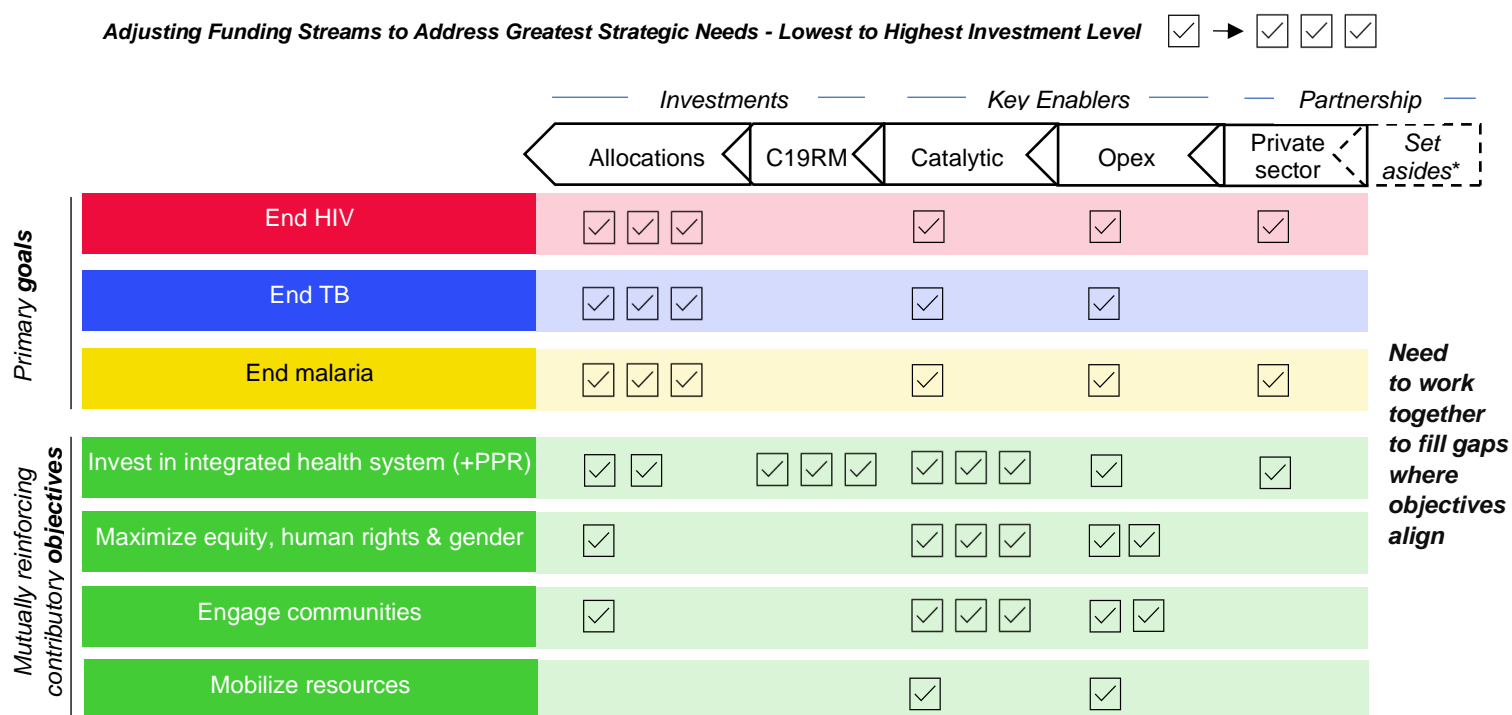


Figure 2 illustrates how the headline pledge total of US\$15.47 billion for the Base Case Scenario (including the US\$14.25 billion announced in New York and subsequently, plus assumptions based on credible information on further pledges from donors that have yet to

pledge) translates into Sources of Funds (taking account of pledge adjustments, including TA set-asides and matching conditions), and how we propose to deploy these resources into Country Allocations, Catalytic Investments and Opex.

## Alignment of funding streams to strategic needs

Figure 3



As Figure 3 attempts to illustrate, the optimal mix of Country Allocations, Catalytic Investments and Opex varies by type of intervention. Core prevention and treatment programs for HIV, TB and malaria depend primarily on Country Allocations. Catalytic Investments are critical for stimulating rapid deployment of product and service innovations, for regional programming and for arenas like human rights or community engagement, which do not always attract sufficient attention and resourcing if left entirely to country-led processes. Opex is critical to ensuring effective delivery, particularly in complex or novel areas like community systems, gender, or health systems strengthening (including pandemic preparedness), as well as in market shaping and health finance.

With Country Allocations flat, Catalytic Investments reduced by two-thirds and Opex broadly flat (after adjusting for the inclusion of evaluation, CCM and PSEAH costs), the

partnership will face extremely difficult trade-offs at both global and country levels if the Base Case Scenario turns out to be the final Replenishment outcome. Since the marginal return on investment is very high, even relatively small increases in Available Sources of Funds will have a significant impact.

The component of notionally Global Fund resources that will substantially increase is TA set-asides, which under the Base Case Scenario will increase by 34% to US\$678 million. While some level of TA set-asides can and has worked well in helping ensure effective alignment of bilateral programs with Global Fund priorities, and to leverage donor bilateral agencies' expertise, it is not obvious that such an increase in TA set-asides is optimal for delivering impact or launching the new Strategy. TA set-asides could in theory offset a small portion of the reductions in Catalytic Investments, by direct provision of funding to technical partners, but they cannot replace matching funds for TB case finding, the Regional Artemisinin-resistance Initiative (RAI), NextGen market shaping or the Emergency Fund. Likewise, TA set-asides can only compensate in part for constraints on Opex, while they also inevitably create more work. To maximize impact from TA set-asides, we will need to enhance transparency, coordination and accountability, plus alignment with our core principles of country ownership and non-earmarking.

### **3.1 Maximize impact on HIV, TB, malaria, COVID-19, and health systems in the current grant cycle**

While much of the Board and partnership's focus will be on launching the new cycle of grants and on implementation of the new Strategy, we should not lose sight of the fact that 2023 will be a massive year for delivering impact through effective grant implementation. It is likely that 2023 will match or exceed 2022's record level of disbursements across HIV, TB, malaria and C19RM.

We must ensure that there is sufficient bandwidth and time at both country level (PR and CCM) and at the Secretariat (Grant Management Division (GMD) and the Strategy, Investment and Impact Division (SIID) in particular) to focus on execution of current grants. Otherwise, we risk starting the next grant cycle behind where we should be as a partnership, which will compound the setbacks from COVID-19 and render the 2030 global targets even more challenging to attain. We must use 2023 to make as much progress as we can to get back on track in the fight against HIV, TB and malaria, including by delivering tangible progress on RSSH investments. Annual country portfolio reviews (CPRs), chaired by our Chief Risk Officer and Head of GMD, highlight where countries are off-track on targets and enable a vigorous discussion on mitigating actions and potential risk trade-off decisions.

We also hold internal reviews by disease, most recently on TB, given the recent publication of WHO's very sobering Global TB Report. As well as examining global trends, this review focused on identifying lessons learned from countries that had managed to increase case notifications during COVID-19 (e.g., Uganda, Nigeria, Bangladesh) and exploring how these could be applied to other countries. Preliminary results for the first six months of 2022 are encouraging, with an increasing trend in TB case notifications. But there remain significant gaps against targets in some countries, which will require focused

time and support in 2023. Much of this important work will happen at country level necessitating significant travel by Country Teams in support of PRs and CCMs. In this context, it is worth noting that while the Opex budget for 2023 is funded from the Seventh Replenishment, much of the activity it supports will be devoted to maximizing impact from the final year of GC6.<sup>3</sup>

On C19RM, we have already begun a major exercise of reprogramming and portfolio optimization as countries respond to the changing dynamics of the COVID-19 pandemic. As discussed earlier in section **2.2 Mitigate the impact of COVID-19**, many countries are looking to shift resources from immediate COVID-19 response priorities to interventions to reduce the ongoing impact on HIV, TB and malaria services, and above all, to strengthen health system capabilities to prevent, detect and respond to infectious diseases threats. The proposed extension of C19RM timelines is designed to enable countries to maximize impact from C19RM resources while staying true to the mandate of the mechanism.<sup>4</sup> By extending the award deadline from March 2023 to June 2023, we will give countries more time to prepare high-quality proposals for systems enhancement. This extension will also make it easier for countries to prepare their C19RM portfolio optimization requests to complement their GC7 HIV, TB and malaria funding requests. Extending the utilization deadline from December 2023 to December 2025 also facilitates the redeployment of C19RM funds into such system investments, since these types of programs typically take longer to absorb resources.

Given the uncertainties about the future evolution of the COVID-19 pandemic, we will need to continue to manage C19RM in a highly dynamic and flexible manner.

### **3.2 Develop high-quality grants aligned to the new Strategy**

In 2023 we will no longer approach our new Strategy as a parallel strand of preparation and planning alongside our everyday operations. Instead, implementation of the new Strategy will infuse every aspect of how we operate. In fact, this transition from planning and preparation to actual implementation is already happening at pace, as we launch the process for the next grant cycle.

I recognize that it can be difficult for the Board and Committees to see how all the different elements of Strategy implementation fit together. By necessity, we present different components separately (e.g., gender, communities, pandemic preparedness, market shaping) and ask the Board and Committees to make decisions on specific aspects (e.g., Catalytic investments, Opex budget) at different points in time. This is in large part unavoidable. The Strategy covers everything we do as a partnership, including many complex interlocking components. It is simply not possible to cover every aspect at once, at least not at the level of detail required for decision-making.

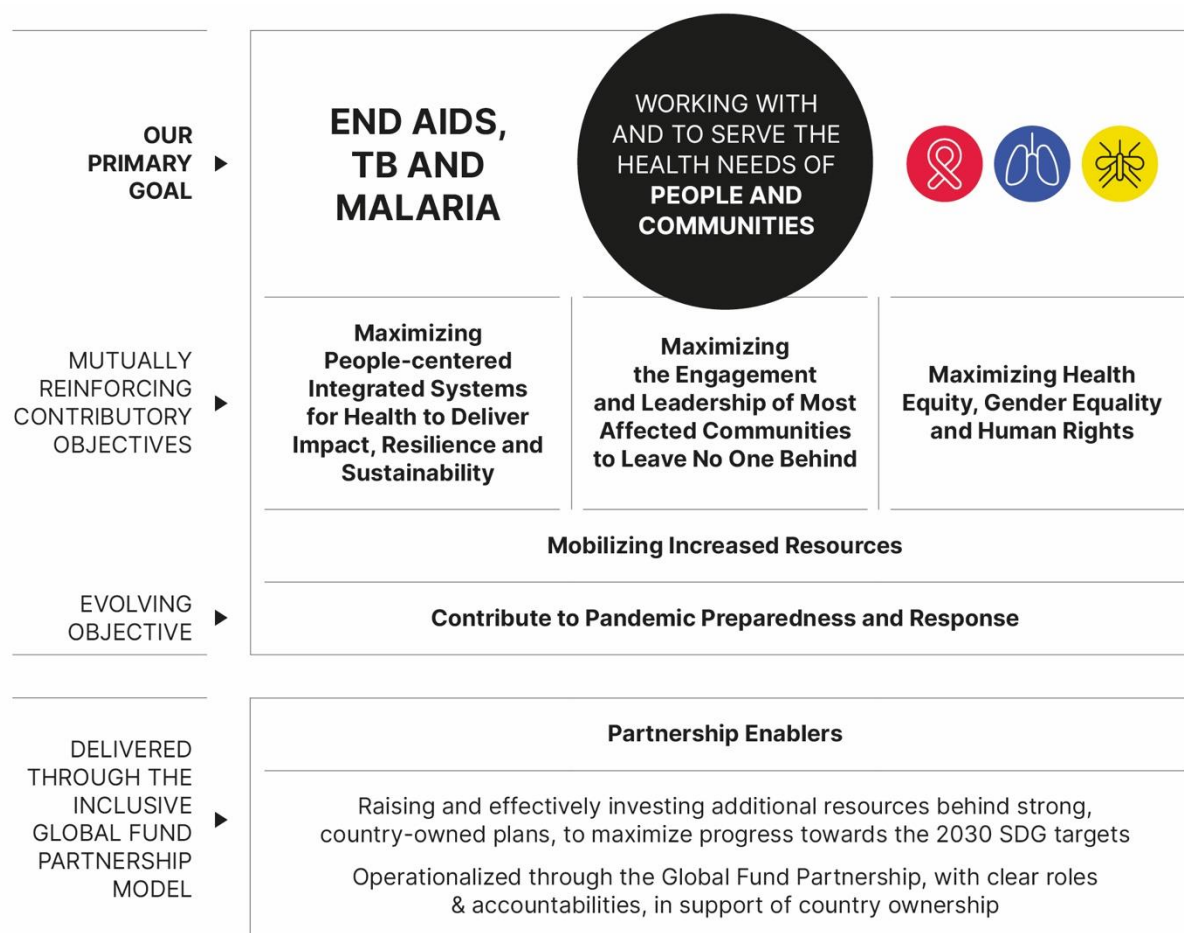
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<sup>3</sup> GF/SC20A/02 – Update on Sources and Uses of Funds for the Seventh Replenishment Period

<sup>4</sup> GF/SC20A/06 – Extension of the COVID-19 Response Mechanism (C19RM)

## 2023–2028 Strategy Framework

Figure 4





## 10 key changes

Figure 5

<b>1</b>	<b>Across all three diseases, an intensified focus on prevention.</b> We have made better progress on saving lives than on reducing infections, but to end the pandemics, we have to cut new infections dramatically, including among key and vulnerable populations.
<b>2</b>	<b>Much more emphasis on integrated, people-centered services,</b> rising above disease silos to build RSSH that protect people from multiple pathogens, address their holistic needs and underpin health and wellbeing for all.
<b>3</b>	<b>A more systematic approach to supporting the development and integration of community systems for health,</b> recognizing the vital role they play in combatting the three diseases and reinforcing system resilience and sustainability.
<b>4</b>	<b>A stronger role and voice for communities living with and affected by the diseases,</b> reinforcing this unique strength of the Global Fund partnership and tackling barriers to effective participation and leadership, to put the most affected communities at the center of everything we do.
<b>5</b>	<b>Intensified action to address inequities, human rights and gender-related barriers,</b> scaling up and strengthening current activities, building on our experience, and raising our level of ambition.
<b>6</b>	<b>Greater emphasis on programmatic and financial sustainability,</b> to ensure the progress we achieve can withstand shocks and reversals, and that the momentum can be sustained.
<b>7</b>	<b>Greater focus on accelerating the equitable deployment of and access to innovations,</b> working with partners to take an end-to-end view to rapidly address bottlenecks to deployment to those most in need.
<b>8</b>	<b>Much greater emphasis on data-driven decision-making,</b> by investing in systems and capabilities to enable the rapid generation, analysis and use of high-quality, disaggregated data.
<b>9</b>	<b>Explicit recognition of the role the Global Fund partnership can and should play in pandemic preparedness and response,</b> given the knock-on impact of pandemics on HIV, TB and malaria, the unique positioning of the Global Fund in this arena, and acknowledging the need to define roles and responsibilities in collaboration with our partners.
<b>10</b>	<b>Clarity on the roles and accountabilities of Global Fund partners across every aspect of the Strategy</b> to ensure we hold each other mutually accountable in delivering this Strategy.

However, we understand the desire for such an overview of how our policies, approaches and resource allocation decisions come together to deliver the Strategy. To respond to that, let me share some overarching perspectives on where we stand on implementation and what the key challenges now appear to be, using the Strategy Framework as the starting point (Figure 4) while also referring to the “10 key changes” (Figure 5).

Our primary goal remains to end AIDS, TB and malaria. Across all three diseases, we need to expand coverage and accelerate progress. Since we have thus far made more progress in saving lives than in reducing the number of infections, a key thrust of the Strategy is to reduce incidence. This is why the first of the “10 key changes” is “1. Across all three diseases an intensified focus on prevention.”

To drive progress on incidence three working groups were convened in Q1 2022, comprising the relevant technical partners for each disease. These working groups have already driven significant changes to our guidance documents (e.g., Program Essentials, TRP guidance), processes (e.g., for HIV, prevention implementation reviews at country level, enhanced engagement with partners in sexual and reproductive health and rights), funding request requirements, co-financing priorities, Catalytic Investment focus and modalities, Secretariat capabilities, new product priorities, etc. A succinct description of the comprehensive agendas for each of the three diseases can be found on slides 20-23 of the Update on Preparations for Implementation of the Global Fund 2023-2028 Strategy, presented to the Strategy Committee in July 2022.

Of course, this focus on incidence reduction does not exist in isolation. It complements our efforts to reduce mortality and depends on our simultaneous interventions to strengthen health systems, accelerate equitable access to innovations and reduce human rights and gender-related barriers and other inequities. Every aspect of our fight against the three diseases must be infused with our commitment to put people and communities at the center. We will not succeed in reducing incidence without the engagement and leadership of those most affected, and without being prepared to address the underlying structural determinants of the epidemics, including stigma, criminalization, gender inequalities and stark socioeconomic inequities.

This conviction also underpins the first of our mutually reinforcing contributory objectives, that of “maximizing people-centered, integrated systems for health to deliver impact, resilience and sustainability.” This objective is captured in two of the “10 key changes”: “2. Much more emphasis on integrated, people-centered services” and “3. A more systematic approach to supporting the development and integration of community systems for health.” Reflecting the importance of increased investment in both formal and community systems for health in delivering our mission, we have had two working groups focused on this: one specifically on people-centered, integrated systems for health and the other on service delivery by community-led/based organizations. As with incidence, these working groups have already made changes to guidance, processes, metrics, etc., with a particular focus on how to incentivize greater investment in high-quality RSSH interventions, how to reduce the barriers to increased investment in community systems, and how to enhance the measurement of investment impact in these critical arenas. Further information can be found in slides 24-25 and slides 28-29 of the Update on Preparations for Implementation of

the Global Fund 2023-2028 Strategy, Strategy Committee July 2022 as well as in the FAQ on RSSH Matching Funds, Strategy Committee July 2022 and slides 16-30 of Communities at the Center, Strategy Committee October 2022.

We also see the seventh of the “10 key changes” as part of this health system objective: “7. Greater focus on accelerating the equitable deployment of an access to innovations.” While there are undoubtedly important global and regional dimensions to delivering the goal of rapid and equitable access to new tools, ultimately it is through local systems for health that innovations are deployed to the benefit of those most in need. Moreover, service delivery innovation is arguably as important as product innovation. We have a specific working group on innovation, as described in slides 26-27 of Update on Preparations for Implementation of the Global Fund 2023-2028 Strategy, Strategy Committee July 2022. In addition, we have been working in close collaboration with partners (in particular Unitaid), but also others including WHO, FIND and the Bill & Melinda Gates Foundation to progress our NextGen market shaping approach, to accelerate equitable access to quality-assured health products. Further information can be found in NextGen Market Shaping, Strategy Committee October 2022.

The second of our mutually reinforcing contributory objectives is “maximizing the engagement and leadership of most affected communities to leave no one behind.” This relates to the third and fourth of the “10 key changes”: “3: A more systematic approach to supporting the development and integration of community systems for health”; and “4. A stronger role for communities living with and affected by the diseases.” Two working groups have focused on this objective: one on service delivery by community-based/led organizations, the other on reinforcing the voice of communities. The activities of these two working groups are summarized in slides 28-29 and 32-33 of the Update on Preparations for Implementation of the Global Fund 2023-2028 Strategy, Strategy Committee July 2022. The latest update on the considerable progress that these working groups have made in implementing this objective can be found in Communities at the Center, Strategy Committee October 2022. On strengthening the role of community-led/based organizations, implementation planning has focused around four ambitions: i) strengthening the contribution of community health cadres, including key population peers and community health workers; ii) strengthening community-led/based platforms for delivery; iii) improving access to funding; and iv) embedding community-led monitoring (CLM) in program design and oversight. On enhancing the voice of communities, interventions have included setting minimum expectations, introducing regular reviews of CCM composition and agreeing on a KPI for community engagement.

The third mutually reinforcing contributory objective is “maximizing health equity, gender equality and human rights.” This is reflected in the fifth of the “10 key changes”: “5. Intensified action to address inequities, human rights and gender-related barriers.” We have a working group specifically focused on this objective, the activities of which are summarized on slides 30-31 of Update on Preparations for Implementation of the Global Fund 2023-2028 Strategy, Strategy Committee July 2022. We start the implementation phase of the new Strategy in very different places across the three areas of human rights, gender and inequities more broadly. On human rights, we have the opportunity to build on several years of successful implementation of our Breaking Down Barriers initiative. We

can draw on the lessons and best practices identified in the Mid-term Assessment.<sup>5</sup> Building on our extensive experience programming for adolescent girls and young women, we are also taking a more comprehensive approach to embedding gender equality across the programs we support. This will be measured using a new Gender Equality Marker, which will track, report, and incentivize grant contributions to gender equality and enable us to broker support and capacity building where it is needed most. Our broader progress here is described in Gender Thematic Discussion, Strategy Committee October 2022. On inequities more generally, we are at an even earlier stage of developing our approach. Together with WHO, we published a report in December 2021<sup>6</sup> that sets out the case for tackling inequities in HIV, TB and malaria provision. Since then, we have introduced a corporate KPI on equity, strengthened equity as a critical domain across our templates, tools, and materials for GC7, and developed a health equity capability building approach for key functions in the Secretariat (to be rolled out in 2023).

A fourth cross-cutting mutually reinforcing contributing objective is “mobilizing increased resources.” Our ongoing efforts to maximize donor pledges is of course one essential element of this, but equally important is our work to catalyze increased domestic resourcing for health. Led by our Health Finance team, we have a Strategy implementation working group focused on this objective (see slide 35 of Update on Preparations for Implementation of the Global Fund 2023-2028 Strategy, Strategy Committee July 2022). We are working on refining our approach to co-financing obligations as well as stepping up our work with partners on blended finance, debt swaps, and other forms of innovative finance. Further information can be found in the Health Finance pre-read from the July 2022 Board Retreat.<sup>7</sup>

A new component of the Global Fund Strategy is the evolving objective of “contribute to pandemic preparedness and response.” This corresponds to the ninth of the “10 key changes”: “9. Explicit recognition of the role the Global Fund can and should play in pandemic preparedness and response.” We are already implementing this element of the Strategy at scale through C19RM, both in terms of the immediate COVID-19 response, and in supporting countries to invest in key systems and capacities, such as disease surveillance laboratory strengthening, infection prevention and control and community response systems. Beyond C19RM, we have introduced a number of changes to encourage countries to incorporate pandemic preparedness objectives in their HIV, TB and malaria funding requests, including updated guidance, changes to the modular framework, adaptations to TRP and the introduction of new metrics. We are also exploring the feasibility and attractiveness of acting as an implementation partner of the new pandemic preparedness FIF. Further information on our approach to progressing our evolving objective on pandemic preparedness can be found in Update on Pandemic Preparedness Objective and Establishment of the FIF at the World Bank, Strategy Committee October 2022.

One crucial aspect of pandemic preparedness and response that we will need to work hard to protect is our commitment to accelerating equitable access to new tools through

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<sup>5</sup> Global Fund Breaking Down Barriers Initiative, Mid-term Assessment Summary Report (July 2022)

<sup>6</sup> State of Inequality: HIV, Tuberculosis & Malaria

<sup>7</sup> GF/BR2022/02 – Health Financing

supporting the localization of manufacturing. This is a key component of our NextGen market shaping initiative given the imperatives to improve the resilience and sustainability of product supply, to tackle the access inequities that we saw all too starkly during COVID-19, and to help decarbonize supply chains by reducing their length. Under the Base Case Scenario there will be very limited funding from Catalytic Investments available to support this priority. Yet much of what needs to be done from a Global Fund perspective to stimulate local production is more about changing policies, regulatory approval processes and technical guidance than about direct investment, so, at least in principle, we should be able to leverage TA set-asides and other partner resources to make progress.

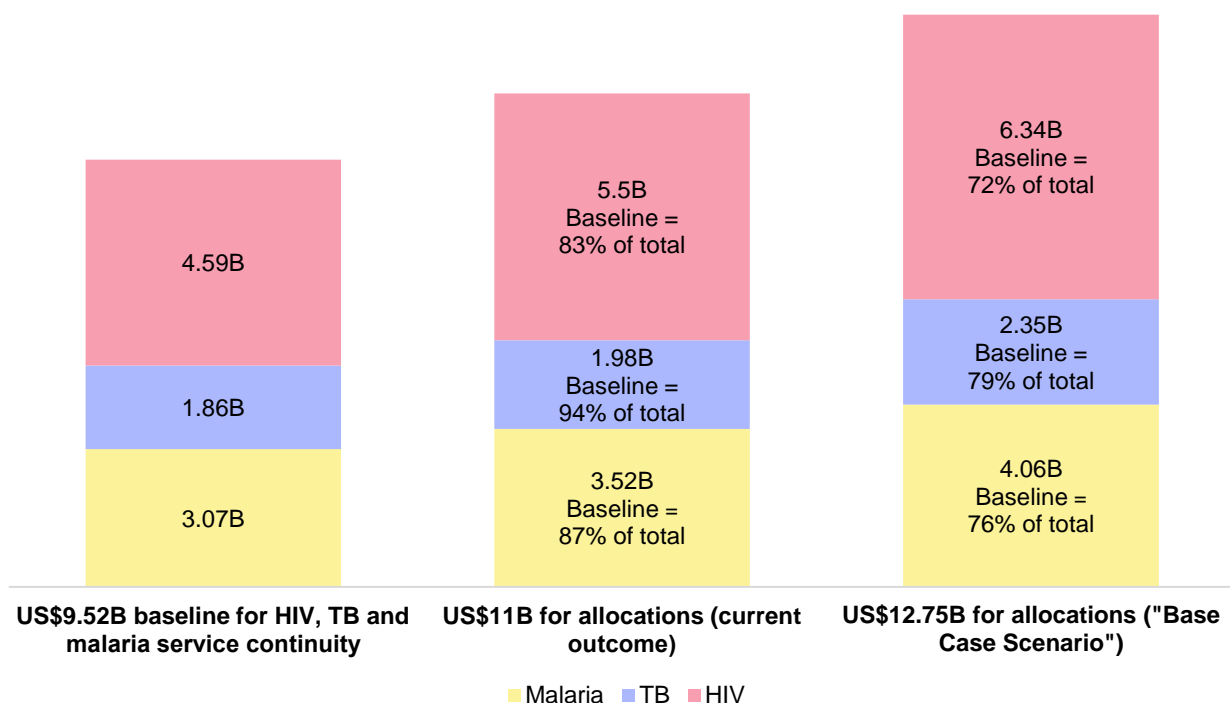
Stepping back from the detail around the implementation planning relating to the individual objectives, it should be clear that a huge amount of progress has been made in laying the foundation for successful implementation of the Strategy. However, we now face the challenge that we lack the resources to implement some of what we planned. The Country Allocations, Catalytic Investments and Opex figures resulting from the Base Case Scenario fall far short of what is required to implement the Strategy at the envisaged pace. CCMs will face difficult trade-offs in determining how to simultaneously sustain continuity of lifesaving services, while stepping up investment in reducing incidence and strengthening systems for health. The two-thirds reduction in funding for Catalytic Investments will weaken the Global Fund's ability to drive accelerated progress in critical areas, including equitable access to innovation, pandemic preparedness and malaria elimination. Keeping Opex broadly flat will limit the Secretariat's capacity to be an agent of change in key areas.

This is not a reason to alter or pull back from our strategic aspirations for the next six years, but we must also be realistic about the need to make choices about priorities and phasing. While some aspects of our Strategy are more about "how" we pursue our goals, rather than requiring specific resource commitments, many key components require incremental investment. In many areas, more constrained resources will mean that the opportunity to scale up programs will simply be more limited. We will still invest in priorities such as prevention or community systems strengthening, but not by as much as we had hoped. In other areas, the challenge looks more fundamental. For example, we will find it difficult to pursue malaria elimination efforts as envisaged in the Strategy, given the sharp reduction in catalytic funding for RAI and elimination efforts in Southern and Eastern Africa. We will need to rethink and be realistic about the extent to which we can accelerate access to new product innovations given the limited resourcing of the catalytic funding for NextGen market shaping.

To illuminate the challenge within Country Allocations, it makes sense to look at what proportion of these resources are required to sustain continuity of lifesaving services, such as antiretroviral treatment and core prevention activities such as long-lasting insecticidal nets.

## Baseline investment analysis for HIV, TB and malaria service continuity

Figure 6



As explained in Figure 6 we estimate that about US\$9.5 billion of the GC7 Country Allocation will be required to sustain continuity of such core services. Note that this figure includes not just essential commodities, but a significant proportion of related delivery costs. This figure of US\$9.5 billion equates to about 75% of the Base Case Scenario Country Allocation total of US\$12.75 billion. That means roughly US\$3.25 billion is available for everything else, including the multiple strategic priorities for which we want to increase investment. This also explains why achieving an ultimate Replenishment outcome that exceeds the Base Case Scenario will make such a difference to Strategy implementation.

I recognize and share the desire of many in the Global Fund partnership to see us step up our investment in strengthening RSSH. In the Investment Case we noted that two independent external analyses had suggested that about a third of our existing grants contributed to strengthening systems for health relevant to pandemic preparedness (slightly higher than our internal analysis that suggests direct and contributory RSSH investments amount to about 28% of grant spending), and that simple extrapolation would imply that if we were successful in raising US\$18 billion, we could be investing around US\$6 billion in such health systems components. At the Base Case Scenario pledge total of around US\$15.5 billion, this figure will inevitably be lower, in part because the total pledge is lower, but also because the conversion into Available Sources of Funds and thus



Country Allocations and Catalytic Investments is impacted by increased TA set-asides and unmatched pledges. Without diminishing our ambition to increase investment in systems for health, we should recognize that some countries will face difficult choices as they struggle to balance sustaining continuity of essential services, increasing investment in health systems and intensifying efforts on reducing incidence.

Despite these difficult trade-offs, our investment in systems for health is at record levels. In GC6 we expect total investment in RSSH of about US\$5.0 billion (including C19RM), up 53% on the GC5 figure of US\$3.3 billion. Looking ahead, reprogramming and portfolio optimization for C19RM, facilitated by the proposed extension of C19RM timetables, will enable CCMs to use C19RM resources strategically and synergistically to complement their RSSH investments through HIV, TB and malaria Country Allocations.

Ultimately, the prioritization and phasing decisions will need to be taken at country level by CCMs, reflecting the unique circumstances and priorities for each country. We will also need the partnership as a whole to step up, so that we collectively support countries and communities in maximizing the impact from every dollar.

### **3.3 Enhance our organizational ability to deliver on strategic priorities**

To deliver on the Strategy we will have to enhance specific capabilities across the Secretariat. For example, we face gaps on gender, human resources for health, pandemic preparedness, vector control, and product quality assurance. When we conducted a detailed bottom-up work planning exercise to establish Opex needs for Strategy implementation, the unfiltered “ask” for GC7 was US\$1.3 billion. Following rigorous prioritization, we pruned that figure to US\$1.1 billion. In the Base Case Scenario we are proposing a figure of US\$995 million, with an Opex budget for 2023 of US\$335 million.<sup>8</sup> After adjusting for items recategorized from Catalytic Investments into Opex, such as CCM Evolution and evaluation costs, plus the increased commitment to PSEAH, this will require us to keep costs broadly flat. That in turn means we must absorb inflationary pressures and fund investment in critical areas through making efficiency savings. I accept that given the pressures on Country Allocations and Catalytic Investments we must keep very tight control on Opex, hence the proposal to keep it broadly flat in the Base Case Scenario. But we should also acknowledge the consequences. With workloads across the Secretariat already unsustainable, filling the capability gaps required to deliver the Strategy will be challenging, at least in the short term. We can always find efficiency savings, but these will likely be offset by inflation, so there will be very limited room for incremental investment.

We will therefore have to rely more on technical partners. Yet this is also problematic. Multilateral technical partners such as UNAIDS or WHO are themselves under tight budget pressure, so cannot deploy incremental resources without funding. So TA set-asides will play a crucial role, either to fill gaps left by Strategic Initiatives we can no longer fund given the reduction in the Catalytic Investment envelope, to fund multilateral technical partners or to provide the support through the bilateral agencies. This will require a significant step-up in coordination and transparency.

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<sup>8</sup> GF/SC20A/02 – Update on Sources and Uses of Funds for the Seventh Replenishment Period

Given the constraints on Opex, we will also need to slow the pace of investment in our technology platforms and processes. This will have an impact on our efficiency (both at the Secretariat level and in countries) and agility (e.g., on grant revisions). At a time when we are increasing the funding request and reporting requirements on CCMs and PRs, we will have limited scope to simplify and streamline processes through automation and other technology initiatives.

### **3.4 Invest in our people and culture**

As described in section **2.4. Invest in people**, 2022 was a tough year for many of our staff, as it was for many of our partners, and even more for those we serve. Intense workload pressures, plus continuing disruption from the pandemic, have caused high levels of burnout and stress. This is unsustainable.

In 2023, we must take action to address these pressures, or we risk a deterioration in the overall quality of our work, and increased risk of damaging mistakes. Given that adding substantial additional resources will not be feasible, that means doing less or doing things in a more streamlined way.

Doing less is extremely challenging. 2023 looks likely to be the Global Fund's biggest-ever year in terms of investments to fight the three diseases, COVID-19 and strengthen health systems. Country Teams, CCMs and PRs will have to grapple with driving impact in the final year of GC6 HIV, TB and malaria grants, developing grants for GC7, plus implementing and reprogramming C19RM awards. The new Strategy commits us to greater efforts across multiple dimensions of our mission, including complex and novel arenas where extra work will be required. Yet nothing is deprioritized. We will need the support of the Board and Committees to make the tough choices that we will face.

Doing things in a more streamlined way also looks very challenging to achieve. The ever-increasing complexity of our processes is the result of increased Board and stakeholder expectations on, for example, financial assurance, conduct (e.g., PSEAH), programmatic impact (e.g., Program Essentials), inclusive governance, and transparency (e.g., GEM, new KPIs). All of these items have merit, and it is therefore difficult to see what to drop, but we run the risk of overburdening the entire partnership to the detriment of actual impact. The 30% increase in requirements for funding requests is but one indicator of this increased complexity. The incremental requirements for onboarding new PRs or service providers would show a similar picture.

In this context, our people and organizational priorities for 2023 will revolve around:

- Continuing to manage the configuration and resourcing of the organization in a dynamic manner to ensure we are aligning our resources to the highest priorities and in the most effective way.

- Reinforcing our organizational culture, building on the sense of mission and common purpose that pervades the Secretariat, and on the progress we have already made on diversity, equity and inclusion, putting greater emphasis on candor and care; and on the related objective of reinforcing psychological safety.
- Attracting and developing the right talent, so that we can fill critical gaps in the context of the new Strategy and continue to raise the bar on our overall effectiveness as individuals and teams.
- Developing leadership across the organization, to maximize our collective impact.

### **3.5 Sustain our resource mobilization momentum**

The Seventh Replenishment was a great success in many ways, but it did not deliver the surge in financial resources required to give us confidence that we can fully deliver on our Strategy, get back on track towards the SDG 3 targets for HIV, TB and malaria and accelerate progress towards universal health coverage (UHC).

For the Global Fund itself, we need to maintain our efforts to raise additional funding, including from new donors, while ensuring timely and full pledge conversion. We must therefore ensure strong and close relationships with donors at all times, constantly showing and proving to them the added value of the Global Fund model, nurture and expand our advocacy network, sustain a recognizable and valued brand and continue to deliver clear communications, and create further opportunities for innovative and non-traditional partnerships with the private sector.

More broadly, we will need sustained efforts across the partnership to galvanize additional funding for health, including through domestic resources and innovative partnerships with multilateral development banks and other partners. Helping implementer countries build sustainable approaches to financing their systems for health, including social contracting, is key to delivering the Strategy.

## **4. Conclusion**

Twenty years ago the Global Fund was created to tackle the seemingly unsurmountable challenges of the explosion of HIV and AIDS as a new pandemic, and the still crippling death toll from the earlier pandemics of TB and malaria. Since then, the partnership has delivered extraordinary results: saving 50 million lives, halving the death toll across the three diseases, building stronger systems for health, helping countries respond to COVID-19. As we enter our third decade as a partnership, we must reignite that same courage to confront seemingly impossible challenges and rediscover that same spirit of global solidarity.

We must be clear-sighted about the scale of the challenges ahead, and we cannot shy away from the difficult trade-offs. Yet we must also stick to our goals. While our resources may not be what we would have wished for, they are very significant, and as a unique partnership, we have extraordinary capabilities. If we work together, drawing on all our collective strengths, and if we maximize the impact of every dollar we invest, I am confident that we can once again deliver for the people and communities we serve. The prize is huge: millions of lives saved, a sharp reduction in mortality, accelerated progress towards UHC. Our new Strategy commits us to be “Fighting Pandemics and Building a Healthier and More Equitable World”. We must deliver on this ambition. Together we can and must accelerate progress in protecting everyone, everywhere, from the deadliest infectious diseases – from the pandemics we have yet to defeat, such as HIV, TB and malaria; from the current pandemic of COVID-19; and from the new pandemics that will inevitably emerge. In a world where conflict and climate change are fueling the threats from infectious disease, we cannot slow down or dampen our ambitions. On the contrary, we must move faster, and work even harder to reach those left behind. Achieving this will be tough – it will require imagination, innovation and intense collaboration. But not achieving it would be much worse. The Global Fund was always about making dreams come true. We must do that again.

Finally, I would like to thank the Board for your support and counsel; our many stakeholders and partners for their collaboration, determination and advocacy; our donors for their generosity; and the staff of the Secretariat for their commitment, tireless professionalism and teamwork. Above all, I would like to thank those at the front line – doctors, nurses, community health workers, peer educators – all those who are delivering services to those in need in their communities, saving lives and preventing infections. When we talk about systems for health, ultimately it is these people we are talking about, and these people who are delivering our mission. I salute and thank them.