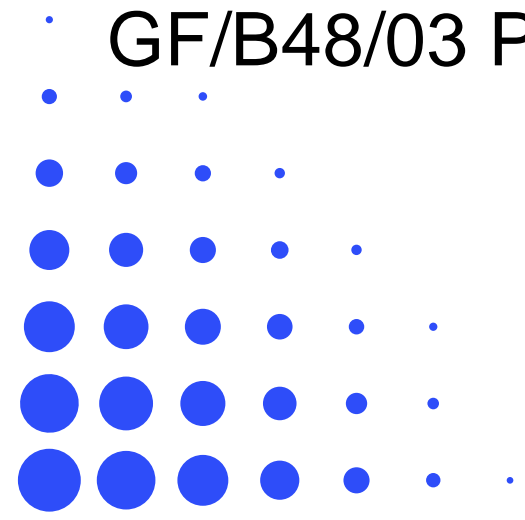
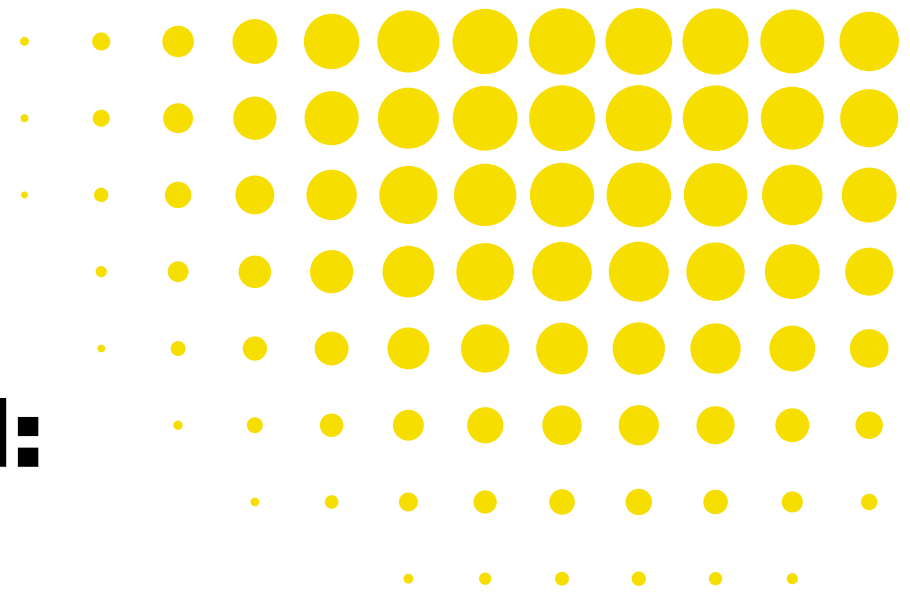




2023 – 2025 Allocation Period: Sources and Uses of Funds

48th Board Meeting
15-17 November 2022

GF/B48/03 Part B- Revision 1



Defining Sources of Funds ('SoF') for the Seventh Replenishment

Summary

- I. Post 7th Replenishment Conference, some major additional pledges subsequently came in, bringing the total donor pledges to **US\$15.67 Bn (US\$ 14.25 Bn¹ at 7th Repl. Conference)**.
- II. The relative strength of the U.S. dollar adversely impacted the replenishment outcome by **US\$0.58 – 0.86 Bn**, compared to forex rates applied for both the 6th replenishment (October 2019) and the launch of the Investment Case (February 2022)³.
- III. The Secretariat elaborated the SoF in a difficult context with the need to strike the right balance between country allocations, catalytic funding, and OPEX. A 'base case' SoF was initially presented to the Board and this presentation is an update of the SoF based on actualized and confirmed pledges since the 7th Rep conference, which overrides the previous 'base case' SoF proposal.
- IV. Total SoF required prioritization across funding streams to best deliver impact. The following slides present a holistic proposal for prioritization of all available funding to best deliver the Strategy. This proposal:
 - I. Provides **US\$250 Mn in carry-over** funding from the 6th replenishment to maximize SoF for the 7th;
 - II. Provides for an increase in country allocations (**+3.3%**), above 6th replenishment levels;
 - III. Tops up catalytic funding by **US\$200 Mn** to secure private sector pledges and support most critical areas of implementation aligned with Board-approved prioritization of catalytic funding. This brings Catalytic Investments to **US\$ 400 Mn, leveraging private sector funds of \$118m for a total of \$518m** for Catalytic Investments;
 - IV. **Targeted** incremental investments in OPEX towards funding Communities, Rights & Gender; Assurance; and also absorb core workstreams (CCMs, Independent Evaluation, PSEAH), while acknowledging tensions on operations due to inflation;
 - V. Extends **C19RM for use by 2 years** to support relevant COVID-19, RSSH and PPR needs.

1. Donors pledged US\$14.25 Bn at the Replenishment Conference in New York on 21 September 2022, with a number of donors meeting or exceeding the ask of a 30% increase (including Japan, Germany, Canada, EC, Korea, Spain, Ireland, Saudi Arabia among others) alongside the US pledge of a 30% increase on a "1 for 2 match" basis. Most other donors either increased their pledges or stayed flat.

2. The SoF decision point recommended to the Board is based on pledges recognized in accordance with the Amended and Restated Comprehensive Funding Policy (CFP) and updated for additional pledges announced following the November AFC20A meeting.

3. Refer to slide 4 for additional details on FX rates

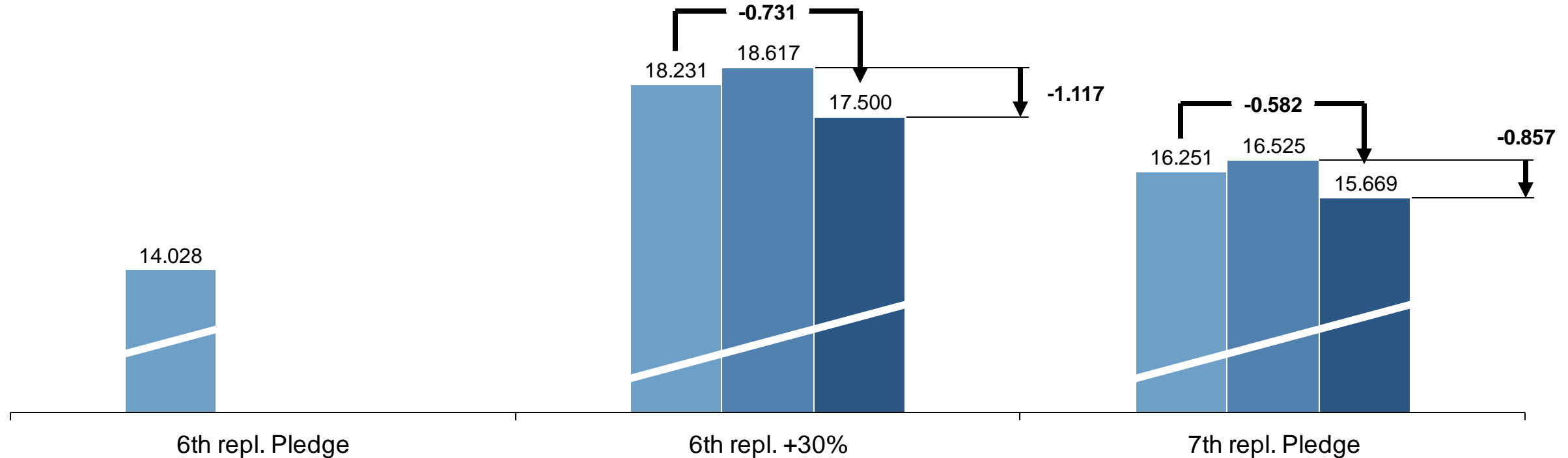
Significant impact of FX market volatility for the 7th Repl.

The relative strength of the U.S. dollar impacted the outcome by US\$0.58 – 0.86 Bn, however, with the robust hedging strategy, the secretariat has stabilized FX exposures to mitigate significant volatility

■ @ 6th repl. rate
 ■ @ Investment case rate
 ■ @ 7th repl. rate¹

FX Impact on announced pledges based on “fair-value” spot rates

USD Bn

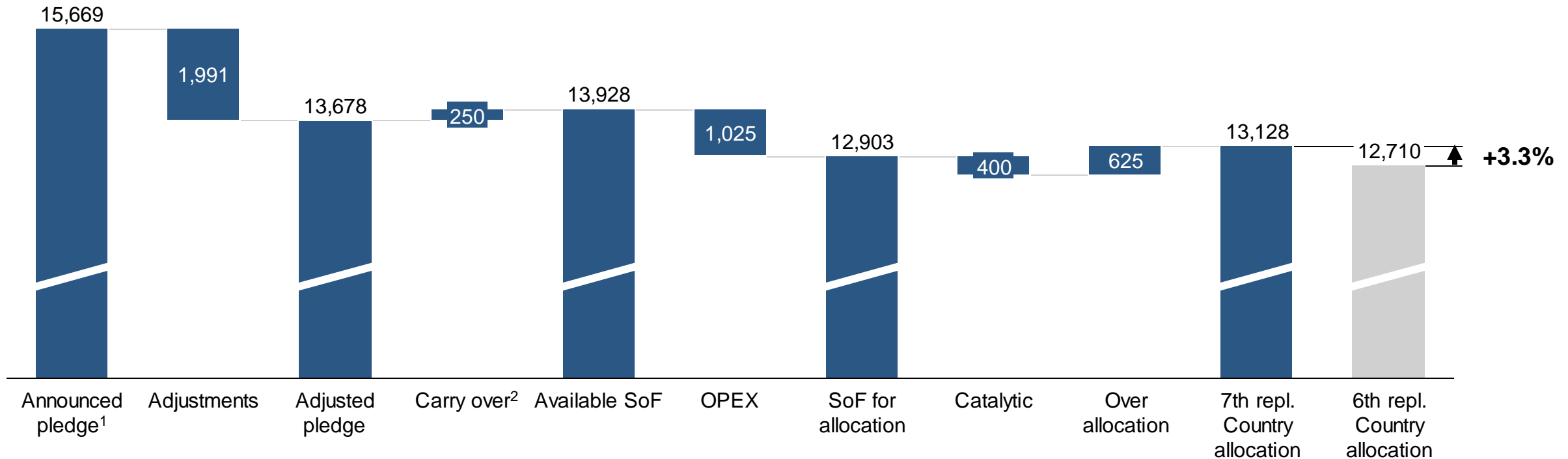


Final Repl. outcome of US\$13.9 Bn in available SoF & improvement in Country Allocation vs. 6th Repl. (+3.3%)

US\$ Mn

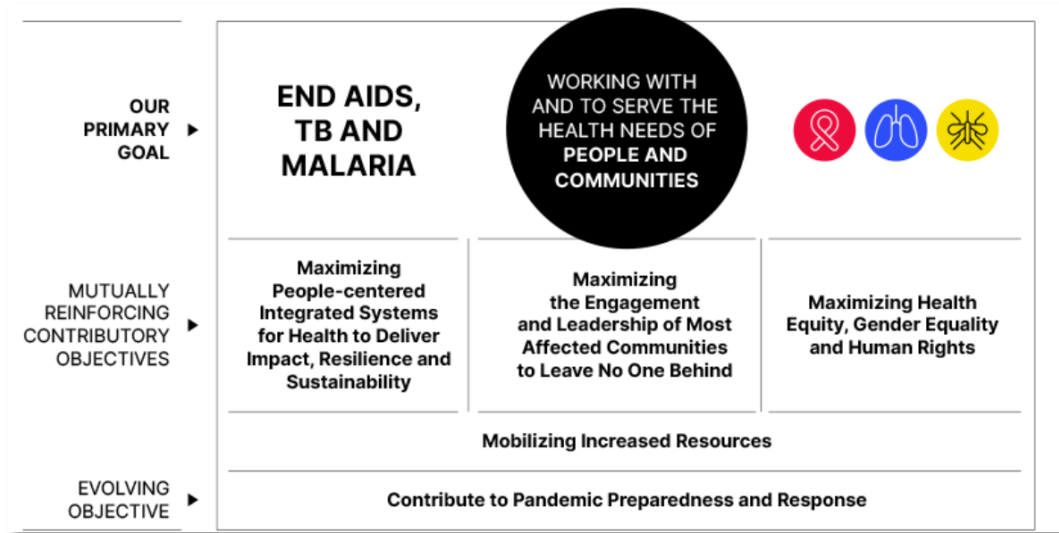
■ Final replenishment outcome

Final replenishment outcome represents pledges (including additional pledges received post 21st September 2022 post Rep conf) recognized by the Secretariat in line with the Amended and Restated Comprehensive Funding Policy (CFP)



1. Refer to slide 4 for additional details on FX rates
 2. Projected carry over of positive ALM from the 6th Repl. to the 7th Repl.
 NB: Figures are rounded

Compared to a full replenishment, our Strategic Objectives will be under significant pressure



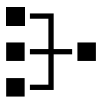
Challenging to sustain gains and scale up
Limited room for HIV prevention for key /vulnerable pops and AGYW



Limited case finding and treatment
Limited room for TB prevention



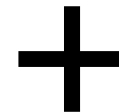
Limited scale of vector control
Limited expansion of quality case management and chemoprevention
Inability to effectively respond to resistance and support elimination aspirations



More limited funds for RSSH/CSS/PPR investments



Very limited funds to support equitable product introduction



Resource constraints impact negatively on equity, gender, human rights and community objectives



Mobilizing increased resources across domestic and donors remains critical but highly challenging

These risks are further exacerbated by significant macro-economic and global health challenges

Unprecedented fiscal pressure faced by countries



Rising debt distress

Significant levels of **fiscal deficits and debt distress** likely to affect financing of health systems



Surging food insecurity and prices

Increasing **food insecurity and inflation** presents a risk to populations affected by HIV, TB, and malaria and presents challenges to the Global Fund's mission



Revisions to expected growth

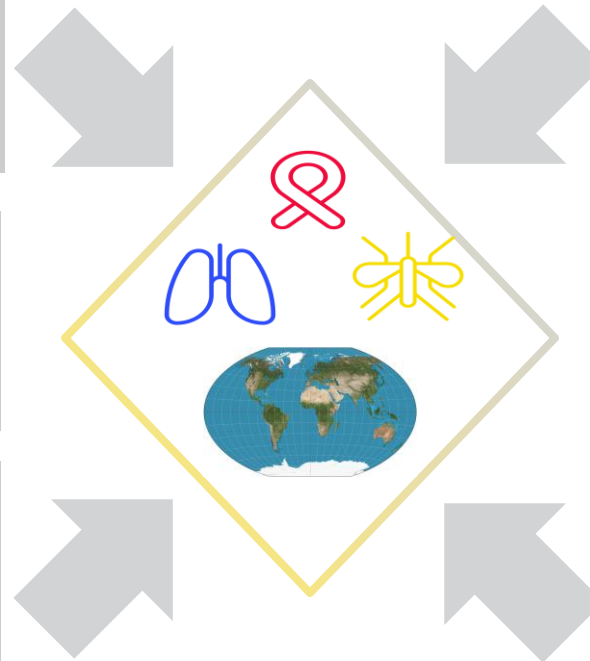
Majority of domestic monies for health has historically been driven by **economic growth, which is stalling or downgraded** in vast majority of LMICs

Unprecedented level of global crises

Increased cost of commodities and essential services coupled with **inflation and currency devaluation** reduces our and countries' purchasing power and undermines efforts to transition commodity financing to country budgets without deep VFM reforms

Potential **reductions in other external financing** given pressures on ODA

Devastating impact of **natural disasters, climate-related events, and ongoing and protracted conflicts** such as those in Pakistan, Ukraine, and Somalia on the health and well-being of people supported by Global Fund programs



According to the World Bank: 110 countries will not get back to the average pre-COVID-19 growth path in their per capita General Government Expenditure (GGE) of countries in their income group even by 2027; and 41 countries out of these will see their spending capacity in 2027 contract as compared to pre COVID-19

Urgent actions and decisions will help deliver the Strategy within current resource constraints

Increase Total Funds

Increase the Impact of Future Funding

- ✓ Approve use of 6th replenishment positive ALM balance for carryover into the 7th **(Board decision)**
- ✓ Engagement on donor set-asides to address critical needs **(Sec/SC/Board)**
- ✓ Continue consideration of applying for FIF funding for PPR objectives **(Sec/SC/Board)**

- ✓ Continue resource mobilization *(Secretariat)*
- ✓ Continue domestic and innovative financing efforts *(Secretariat)*

Reprioritize funding and efforts across OPEX, CIs, allocations and C19RM holistically to maximize impact of available funding

- Extend C19RM to continue support for RSSH/PPR **(Board decision)**
- Reallocate and increase CI funding to leverage funds while preserving allocation levels **(Board decision)**
- Ensure adequate resourcing within OPEX to drive key strategic priorities **(Board decision)**
- At least sustain 6th replenishment sources of funds for country allocations **(result of Board decisions)**

- Emphasize planning and prioritization of key country focus areas to drive focus and impact in next grants *(Secretariat)*
- Prioritize strong PAAR requests in country proposal development to enable streamlined deployment of additional donor pledges and potential incorporation of FIF funds for PPR *(Secretariat)*

*The Partnership Model is **essential to our collective efforts***

Push for significant efforts (i.e., through CCMs) to support design of prioritized country funding requests to maximize impact toward the Strategy's objectives *(all)*

Proposed approach analyzes *all* sources of funds - to emphasize investment & mitigate risk

Adjusting funding streams to address greatest Strategic needs – lowest to highest investment level →

		Investments			Key Enablers			Partnership		
		Allocations	C19RM	Catalytic	OPEX	Private Sector	Set Asides*			
Primary Goals	End HIV	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
	End TB	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>					
	End Malaria	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Mutually Reinforcing Contributory Objectives	Invest in integrated health system (+PPR)	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			Need to work together to fill gaps where objectives align	
	Maximize Equity, Human Rights & Gender	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>					
	Engage Communities	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>					
	Mobilize Resources			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>					

The application of this prioritization cascades into multiple, related decisions to best deliver on the Strategy



Maximize use of resources to address **significant needs facing country programs**

Secure Private Sector resources

Ensure **systems needed to maximize responses** are incentivized in grants within funding available

Keep **OPEX almost flat despite inflation**, after **absorbing new costs categories** (CCM, Evaluation) and **creating space for limited funding of strategic priorities** through efficiency savings

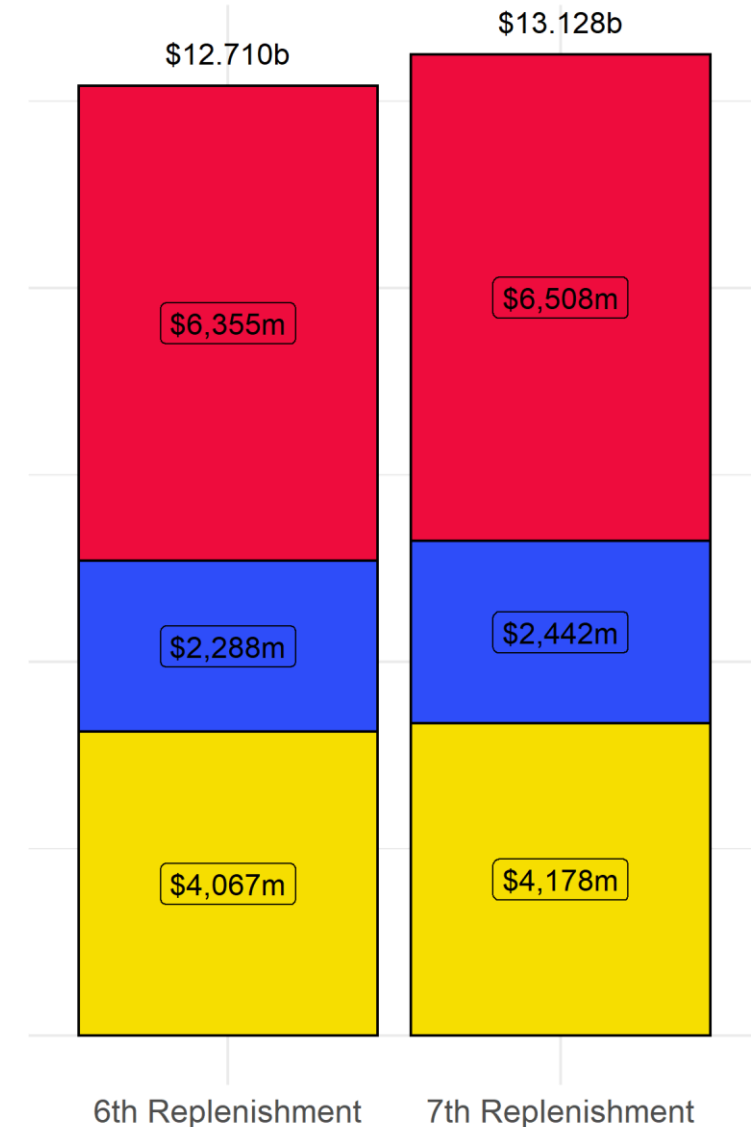
Above 6R total allocation levels

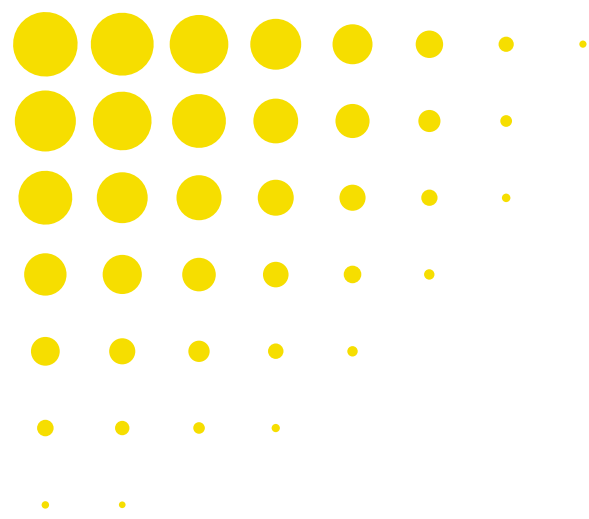
Sustain preparedness for existing and emerging pandemics with **resilient health systems & commodities**

Impact on Allocations

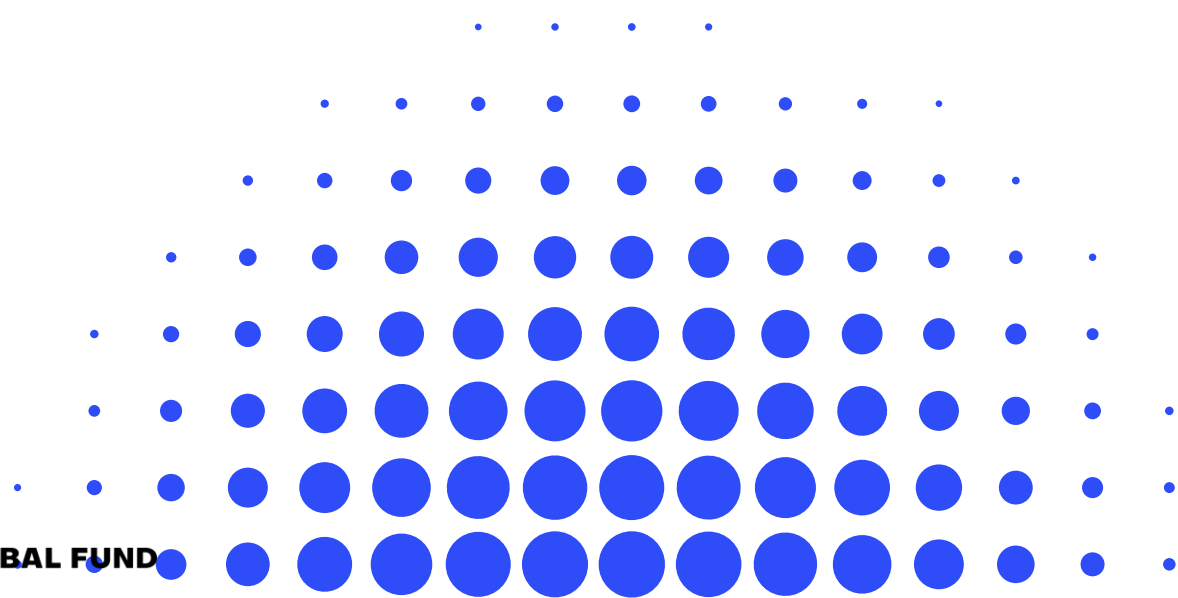
- Under **\$13.128b** for 7th replenishment allocations, **country allocations are increased \$418m**
- Total funding per disease compared to 6th replenishment communicated allocation is:
 - **\$154.2m more for TB or a 6.7% increase**
 - **\$152.6m more for HIV or a 2.4% increase**
 - **\$111.2m more for Malaria or a 2.7% increase**
- The Secretariat uses a baseline analysis related to ongoing HTM services to better understand context and pressures on allocations. It is calculated based upon the latest grant budgets and includes:
 - **The baseline is at \$9.52b or ~73% of anticipated allocations.***

*Estimate based upon actual grants used to inform Qualitative Adjustments (QA), it is not a prescription for use of funds.





Catalytic Funding



With additional resources available, Secretariat is recommending utilizing Board approved flexibility

GF/B47/DP06

Approved by the Board on: 11 May 2022

Catalytic Investments for the 2023-2025 Allocation Period

Based on the recommendation of the Strategy Committee, as presented in GF/B4704 – Revision 1, the Board:

1. Acknowledges that the total amount of sources of funds for allocation for the 2023-2025 allocation period will be decided by the Board in November 2022, based on the recommendation of the Audit and Finance Committee following announced replenishment results from the 7th Replenishment;
2. Approves that the total amount of funding for catalytic investments in the 2023-2025 allocation period (“Catalytic Investments”) will be determined by the total amount of sources of funds for allocation for the 2023-2025 allocation period;
3. Approves Catalytic Investments for the 2023 –2025 allocation period, based on the total amount of sources of funds for allocation, as set forth in Table 1 of GF/B47/DP06;
4. Agrees that in the event that sources of funds for allocation for the 2023-2025 allocation period are above the midpoint of the funding range specified for any scenario in Table 1 of GF/B47/DP06, the Secretariat may recommend to the Board to approve additional amounts for Catalytic Investments (up to 50% of the difference in total catalytic funding for the applicable scenario and the next higher funding scenario) to be invested in the priority areas for the next higher funding scenario in Table 1 of GF/B47/DP06;

50% of difference = \$200 Mn

Consistent with the methodology shared with the Strategy Committee, the Secretariat recommends an **additional US\$200 Mn investment in CIs** to catalyze impact, with key focus on cross cutting and RSSH priorities to accelerate HTM responses

Updated CI resources become US\$400 Mn, leveraging US\$118 Mn in private sector co-investment for a total of **US\$518 Mn**

To determine (re)investment, maintained methodology with review across priorities and evolving funding context

Guiding Principles

- Leverage the TERG recommendations to inform (re)investments - fewer and more focused and “sufficient resources to make a meaningful contribution”
- Prioritize cross cutting investments, under-resourced (or not at all) in disease allocations
- Build from Board approved prioritization with figures considered from adjacent scenarios
- Secure priorities with additive Private Sector partnership & consider *opportunities* for additional resources from set asides

Analyzing all CIs again **using the same methodology**, though without increased prioritization on cross cutting investments:

- | | Yes | No |
|--|--------------------------|-------------------------------------|
| 1. Will the priority be invested in through country allocations in the absence of CI incentives? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 2. Are there sufficient funds to make an impact in the current or adjacent scenario? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 3. Without additive resources, can we secure private sector funds? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Priorities identified secure private sector and catalyze impact of cross cutting and cross regional investments

	CI Priority	BDP \$12-13B \$200M	SC Rec \$12-13B \$300M	Total Board Rec \$12-13B \$400M	Programmatic justification & PS Match
<p>+</p> <p>\$55 to secure additive Private Sector Investment</p>	Effective Community Systems & Responses (CSR)	\$0	\$10	\$25M*	\$28M Increase access & care across HTM – mitigate risks of insufficient resources
	Malaria Elimination in Southern Africa	\$0	\$3	\$8M	\$20M Act with urgency – address resistance
	Emergency Fund	\$10	\$12	\$12M	\$2M Increase readiness
	Incentivizing RSSH Quality & Scale	\$0	\$10	\$60M***	\$35M Maximize RSSH impact and coinvest in labs & data with private sector
<p>+</p> <p>\$145 increase resources to priorities difficult to meet in allocations (HIV MC, RSSH) within authority</p>	Key Populations Sustainability & Impact (MC)	\$0	\$0	\$30M**	Invest as cannot be met sufficiently in country allocations with decreasing resources in countries covered by the approach
	Equitable Access to innovation and Health Products (NextGen)	\$0	\$49	\$49M	Accelerate access and innovation across HTM
	Scaling up programs to remove Human Rights and Gender Barriers	\$20	\$36	\$36M	Core commitment of Strategy
	Health Financing	\$0	\$10	\$10M	Mobilizing domestic resources for sustainable responses

*Investment offsets a \$5M decrease from a retracted pledge and updates necessary co-investment; **Figure from the \$800M scenario consistent with the SC prioritization approach. This reflects a reduction from the existing CI (with timelines stretching into the next cycle) and requires a reassessment of the scope of eligible interventions, contracting modalities, and implementation arrangements to simplify and focus these investments (as has been noted in the TERG evaluation, a guiding principle of this methodology). ***Maximizing investment (\$1.1B scenario) to ensure RSSH catalytic impact for HTM in constrained environment when key system investments may be deprioritized – these maximized resources are safeguarded for the MF modality as a Challenge Fund.

Updated CI Table, consistent with prioritization approach

Strategy Goal or Objective	Priority	Indicative Modality	Sources of Funds for Allocation						Private Sector	Updated Totals with Private Sector US\$200 Flexibility
			US\$16b +	US\$15-16b	US\$14-15b	US\$13-14b	US\$12-13b	Updated US\$12-13b		
End AIDS	Prevention for key populations, AGYW and sexual partners	MF	\$107	\$87	\$78	\$73	\$24	\$24	\$33	\$57
	Implementation support for innovation, precision and scale in HIV prevention	SI	\$12	\$10	\$9	\$0	\$0	\$0		\$0
	Key populations sustainability and impact	MC	\$41	\$34	\$30	\$28	\$0	\$30		\$30
	HIV Incidence Reduction Total		\$160	\$131	\$117	\$101	\$24	\$54	\$33	\$87
End TB	Find & successfully treat the missing people with DS-TB and DR-TB	MF	\$179	\$161	\$152	\$123	\$82	\$82		\$82
	Scale up TB prevention	MF	\$54	\$48	\$45	\$37	\$0	\$0		\$0
	Country readiness for innovation and quality TB programming	MF	\$18	\$16	\$15	\$12	\$0	\$0		\$0
	Technical support to the TB matching funds	SI	\$16	\$13	\$12	\$11	\$0	\$0		\$0
	End TB: Accelerate progress to End TB by 2030 Total		\$267	\$238	\$224	\$183	\$82	\$82	\$0	\$82
End Malaria	Biologic threats in malaria case management in Africa	SI	\$20	\$16	\$14	\$13	\$0	\$0		\$0
	E2030: Drive towards elimination and facilitate prevention of reestablishment	SI	\$7	\$6	\$5	\$0	\$0	\$0		\$0
	Malaria Elimination in Southern Africa	MF/MC	\$13	\$11	\$10	\$10	\$0	\$8	\$20	\$28
	Resistance to Artemisinin Initiative (RAI)	MC	\$110	\$100	\$100	\$80	\$50	\$50		\$50
	Regional Coordination and targeted Technical Assistance (RCTA)	SI	\$9	\$7	\$7	\$0	\$0	\$0		\$0
	Addressing vector control threats and opportunities: supporting country readiness for an expanding toolbox	SI	\$16	\$13	\$12	\$11	\$0	\$0		\$0
	Malaria Total		\$175	\$153	\$148	\$114	\$50	\$58	\$20	\$78
Maximizing People-centered Integrated Systems for Health	Empowering regional reference laboratories and national diagnostic networks	MC	\$33	\$27	\$24	\$0	\$0	\$0		\$0
	Data	SI	\$29	\$24	\$21	\$0	\$0	\$0		\$0
	Equitable access to innovation and health products through NextGen Market Shaping	SI	\$140	\$85	\$49	\$23	\$0	\$49		\$49
	Incentivizing RSSH quality and scale	MF	\$60	\$40	\$30	\$20	\$0	\$60	\$35	\$95
	Effective community systems & responses (CS&R)	SI/MF	\$90	\$74	\$66	\$61	\$0	\$25	\$28	\$53
Maximizing Health Equity, Gender Equality and Human Rights	Community engagement	SI	\$20	\$18	\$18	\$15	\$14	\$14		\$14
	Scaling up programs to remove human rights and gender related barriers	MF/SI	\$49	\$40	\$36	\$33	\$20	\$36		\$36
Mobilizing Increased Resources	Health Financing	SI	\$37	\$30	\$27	\$20	\$0	\$10		\$10
End AIDS, TB, Malaria	Emergency Fund	SI	\$40	\$40	\$40	\$30	\$10	\$12	\$2	\$14
	RSSH / Cross-Cutting Total		\$498	\$378	\$311	\$202	\$44	\$206	\$65	\$271
Amounts in US\$m	TOTAL		\$1,100	\$900	\$800	\$600	\$200	\$400	\$118	\$518

Prioritizing investment through disease allocations with need to leverage set-asides

Catalyzing disease responses & RSSH investment through CIs

Leveraging Private Sector Partnership with co-investment totaling \$518M to innovate and accelerate impact

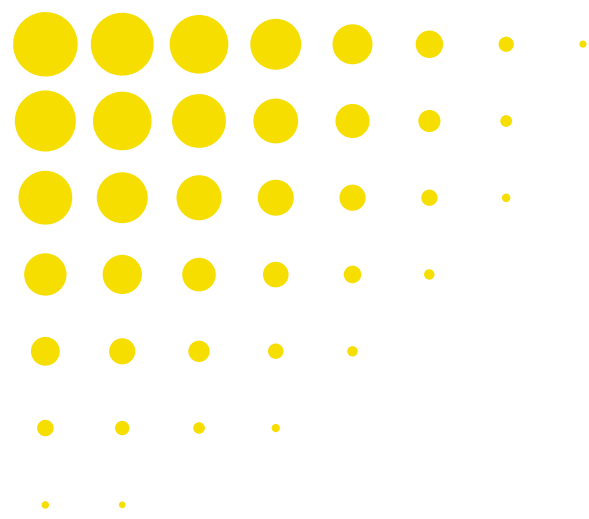
Sources of Funds outcome

<i>All amounts in US\$ Bn</i>	NY Outcome	Final Repl. Outcome
Total announced pledges	14.257	15.669
Matched pledges	12.386	14.503
Other donors	8.257	9.669
US match	4.129	4.834
Adjustments (TA etc.)	(0.873)	(0.826)
Adjusted pledge¹	11.513	13.678
Carry Over	0	0.250
Available SoF	11.513	13.928
OPEX	(1.000)	(1.025)
SoF for Allocation	10.513	12.903
Catalytic	(0.000)	(0.400) ²
Over allocation	0.526	0.625
7th Repl. Country allocation	11.038	13.128
6th Repl. Country allocation	12.710	12.710
% change vs. 6th Repl.	-13.2%	+3.3%
<i>Unmatched for continued mobilization and negotiation</i>	1.871	1.166

1. Adjusted pledge is the "Available Sources of Funds" and Net ALM position for the 7th Replenishment

2. Based on SC and Secretariat recommendations for an additional US\$200m compared to May Board decision.

NB: Figures are rounded



Thank you

