Note

December 2023

This document is the Executive Director's update for the Global Fund's 50th Board Meeting. It was initially submitted to the Board on 3 November 2023 for a dedicated session on 14 November 2023.

This document does not attempt to be comprehensive. It builds on other materials, including documents provided to the Board or its Committees. Editorial adjustments have been made to this document, including the deletion of links to internal documents.

Report of the Executive Director

50th Board Meeting
GF/B50/06

14-16 November 2023
Geneva, Switzerland

Cover: Midwife Fazila Kalimullah is pictured here with her family, who are still partially displaced following the floods on 1 March 2023 in Sehwan District, Sindh, Pakistan. *The Global Fund/Saiyna Bashir/Panos*

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1 Introduction

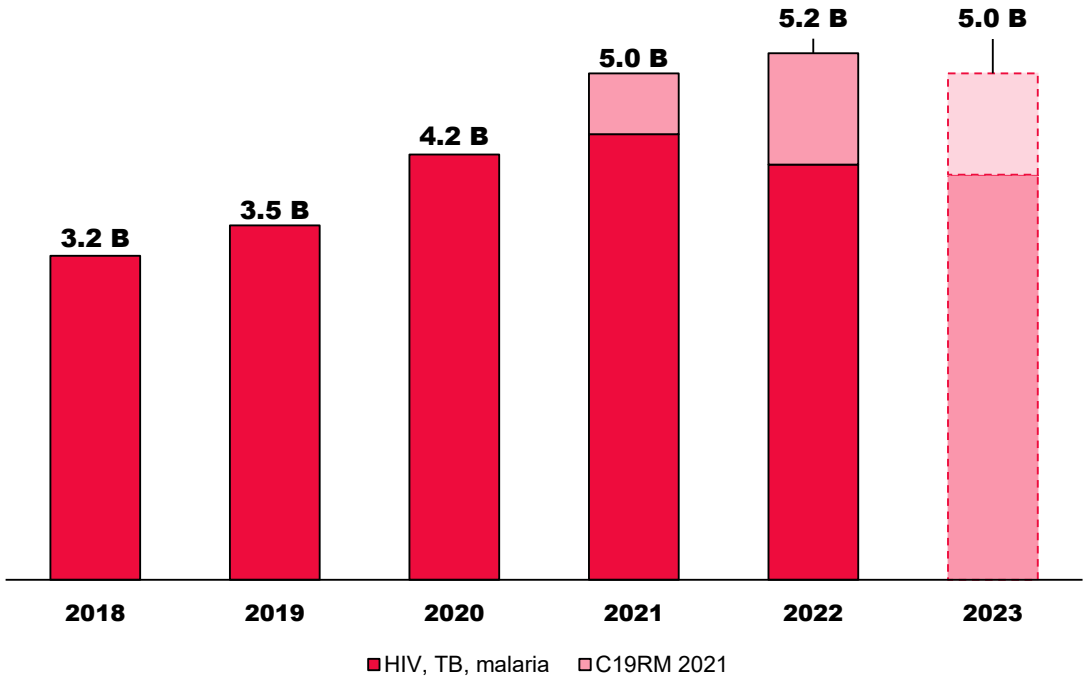
COVID-19 was the biggest single disruptive force the Global Fund encountered since the partnership's creation in 2002, reversing years of hard-won gains against HIV, tuberculosis (TB) and malaria. Now, COVID-19 seems less of a threat, but instead we face an unprecedented combination of interrelated crises, which together represent as profound a threat to our mission, and to the whole Sustainable Development Agenda in general. The accelerating impact of climate change, escalating conflicts, economic and financial strains and acute geopolitical fissures combine to pose equally challenging obstacles to progress. Perhaps most troubling is the erosion of any notion of global solidarity. At a time when so many of the problems we face as a world require collective action, we are seeing the concept of our common humanity rejected or ignored in too many parts of the world and in too many debates. Whether it is the treatment of civilians in conflicts, the persecution of LGBTQI+ communities, the demonization of migrants, or the reversal of progress on gender equality, the world seems more callous, less caring and less able to come together to find solutions to shared problems.

In this difficult context, the Global Fund partnership stands out as a powerful expression of global solidarity, proof that when the world comes together, we can surmount even the most difficult problems. Who we are, and what we do, matters more than ever. While we cannot stay static and must be prepared to adapt at pace to the way the world is changing, we must also stay true to what makes us unique – the focus on people and communities, the commitment to delivering impact, the belief in the power of inclusive decision-making and collective action, and the conviction that the stark inequities in global health can and must be tackled.

In the Results Report released in September, we celebrated the 59 million lives that have been saved since the Global Fund partnership was created in 2002. This extraordinary total excludes lives saved through helping countries respond to COVID-19 and the lives saved through the huge investments we have been making to enhance access to medical oxygen.

We are on track to make 2023 the third year in a row in which we disbursed at least US$5 billion across Grant Cycle 6 (GC6) and the COVID-19 Response Mechanism (C19RM). In 2022, we disbursed a record US$5.2 billion.

Figure 1
Total disbursements by year: GC5-GC6 and C19RM (US$ billion)



Note: 2020 disbursements include amounts related to C19RM 2020. The 2023 figure reflects the latest full-year forecast for disbursement.

It is easy to be daunted by the scale of the colliding crises confronting us or to be discouraged by the extent to which we are falling short of the Sustainable Development Goal 3 (SDG 3) targets, but we should also recognize what has been achieved. The dramatic changes in life expectancy across much of Africa, and the sharp declines in infection rates and mortality across the three diseases, plus the significant advances in health system capacities in many low- and middle-income countries (LMICs) owe much to the work of the Global Fund partnership. Most recently, the strong recovery in key metrics following the setbacks from COVID-19 reflects the extraordinary collective response of governments, civil society, communities and the private sector, in many cases supported by investments through C19RM. It also reflects the dedication and hard work of frontline health workers, our partners and the staff of the Secretariat.

In this report, I take stock of our progress against the priorities I set out this time last year, offer some observations on the way our world is changing, and summarize priorities for the year ahead. The world is changing, and we as a partnership must be prepared to change too. We must remain relevant, sustain our effectiveness, and serve the people we were set up to protect: the poorest and most marginalized, those most vulnerable to the deadliest infectious diseases.

This report does not attempt to be comprehensive. In the interest of brevity, I refer to other materials that have already been published or have been provided to the Board or its Committees.

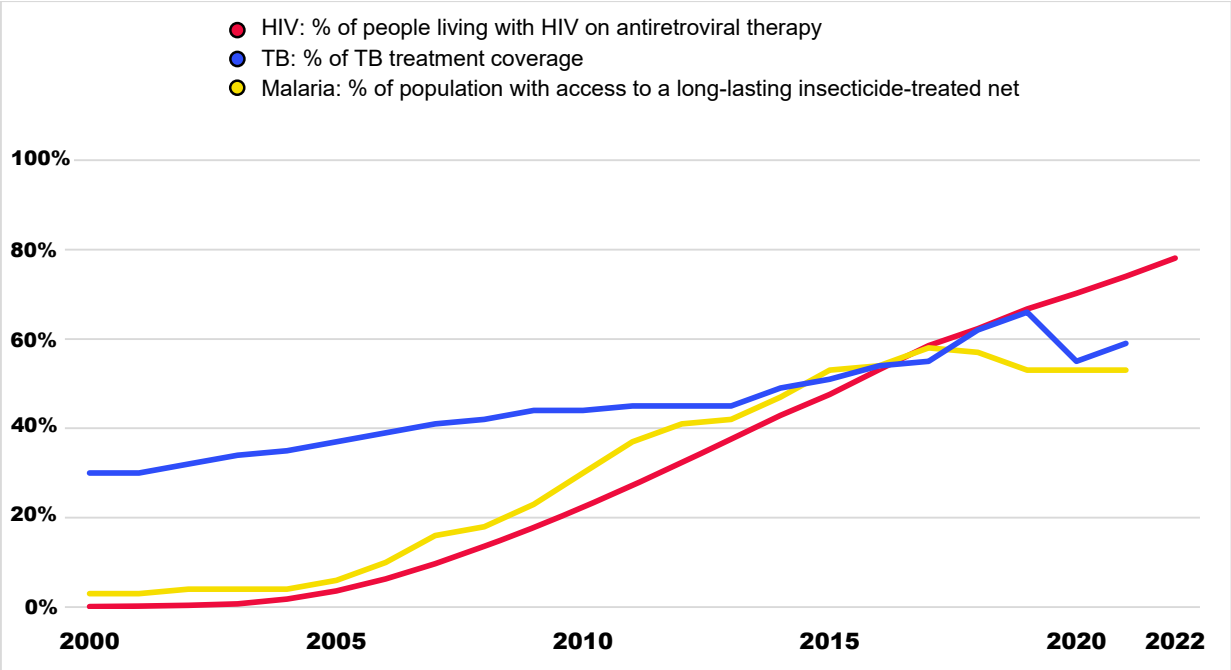
2 Review of Progress Against Our 2023 Priorities

We have made good progress against the six priorities I set out for 2023 this time last year.

2.1 Maximize impact in the current grant cycle

Our recent Results Report describes the strength of the recovery in HIV, TB and malaria key metrics following the COVID-19 pandemic, with a record 24.5 million people receiving antiretroviral therapy (ART), a record 6.7 million people diagnosed and treated for TB and a record 220 million insecticide-treated mosquito nets (ITNs) distributed to protect families from malaria during 2022. In 2023, while comprehensive data is not yet available, we have continued to achieve strong programmatic performance across most countries and across all three diseases. As noted in the Financial Performance report to the Audit and Finance Committee (AFC), overall in-country absorption of 77% as of end-June exceeds the Board's key performance indicator (KPI) of 75%, and is ahead of the equivalent point in Grant Cycle 5 (GC5), so we are on track to achieve in-country absorption of over 85% by the end of GC6. Within this overall figure, HIV, TB and malaria absorption is ahead of resilient and sustainable systems for health (RSSH) absorption, as we have seen in previous cycles. In GC6 many RSSH programs had delayed starts in 2020 due to COVID-19. C19RM absorption is below GC6 absorption, but this in large part reflects the fact that from mid-2022, most countries deliberately stopped expenditure to contain and control COVID-19, and they are now reinvesting these funds in broader pandemic preparedness priorities, taking advantage of the Board's decision to extend the utilization period to end 2025.

Figure 2
Key programmatic results for HIV, TB and malaria



Malaria coverage is calculated based on 38 African countries where the Global Fund invests, for which data is available from WHO/Malaria Atlas Project estimates. HIV and TB estimates are based on all countries where the Global Fund invests. Based on published data from WHO (2022 release for TB and malaria) and UNAIDS (2023 release).

The remarkable recovery in HIV, TB and malaria metrics following the disruption from COVID-19 is testimony to the commitment and resilience of the Global Fund partnership. Governments, communities, civil society and the private sector, alongside technical and bilateral partners, worked together to reconfigure programs and adapt service delivery models to ensure continuity of lifesaving services and reverse the setbacks caused by the pandemic. The over US$768 million in C19RM funding directed at mitigating the impact of the pandemic on HIV, TB and malaria services played a crucial role across all three diseases. This incremental funding was particularly important for TB, enabling many countries to claw back the losses and even exceed 2019 figures for case identification and treatment during 2022.

In a number of countries, sustaining programmatic progress has required real-time adaptation to specific challenges, whether extreme weather events (e.g., the impact of Cyclone Freddy in Mozambique and Malawi), ongoing or new conflicts (e.g., Ukraine, Sudan and Myanmar), coups (e.g., Niger), economic crises (e.g., Zambia) or policies that encroach on LGBTQI+ rights (e.g., Uganda). The ability to sustain progress in the fight against HIV, TB and malaria in such volatile and challenging circumstances demonstrates the flexibility and resilience of the Global Fund partnership's model.

Case Study

Côte d'Ivoire: Breaking Down Barriers to Health Services

Through the Breaking Down Barriers initiative, the Global Fund is providing support to scale up evidence-based programming to reduce human rights-related barriers to health services. This approach accelerates progress towards global health targets, protects Global Fund investments and strengthens health systems. Since 2017, the Global Fund has invested more than €4 million in Côte d'Ivoire through human rights matching funds to support this effort.

Through Global Fund investments, Côte d'Ivoire has significantly expanded its Human Rights Observatory, a central element of the country's effort to remove human rights-related barriers to health services and increase access to justice. This program has deployed 120 trained paralegals across the country to document individual cases of human rights violations related to key populations in the context of HIV and TB, and to refer eligible cases to legal assistance provided by a network of approximately 30 lawyers. In 2021 and 2022, the observatory documented and validated 1,716 cases, the majority of which were violations against health workers and people living with HIV.

Paralegals play a crucial role in facilitating links with health, social and psychological care for clients, while concurrently raising awareness about human rights. This one-stop approach has proven to be remarkably effective, especially in rural areas.

The program has additional untapped potential for addressing structural issues alongside its pursuit of justice for key populations. Data collected by the observatory, disaggregated by population and type of human rights violation, can be triangulated with surveillance systems supported by other health partners to aid efforts to improve and enforce laws, policies and practices that enable non-discriminatory health service access and provision. ●

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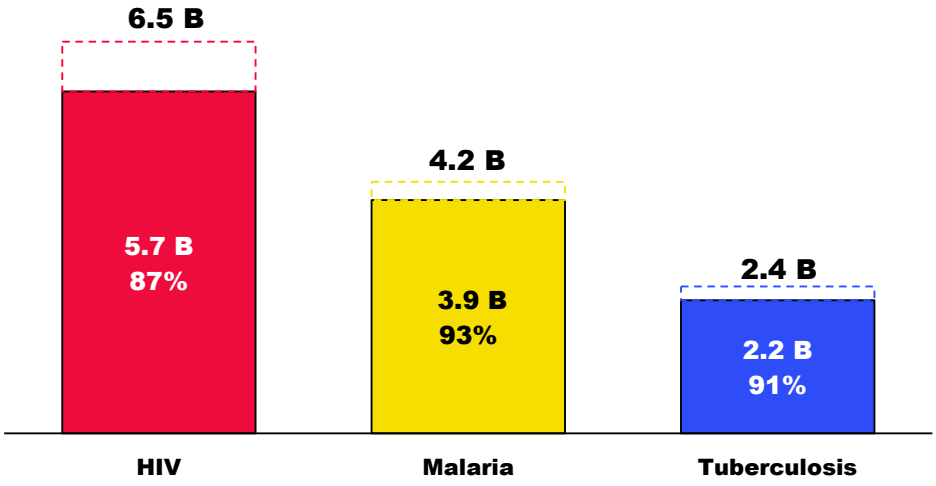
Although most of the benefits will be seen during Grant Cycle 7 (GC7) rather than GC6, we have also had notable successes in market shaping, working with technical and private sector partners, and with the support of civil society. For example, in August 2023, we secured a further 25% reduction in the core antiretroviral drug regimen, taking the annual cost of antiretroviral therapy (ART) down to US$45. In the same month, using our new Revolving Facility, we secured new, much more effective chlorfenapyr dual active ingredient mosquito nets (dual AI ITNs) at a price of only US$0.70 more than standard ITNs. Since dual AI ITNs can reduce malaria cases by approximately half compared to standard ITNs, this is an extraordinary enhancement of protection for less than US$1 per net. Also in August, through a process led by the Stop TB Partnership's Global Drug Facility, Johnson & Johnson reduced the price of bedaquiline, the principal ingredient in the most effective therapy for multidrug-resistant TB, by up to 55%. Most recently, in September, through negotiations with Cepheid and its parent company, Danaher, we secured a commitment to supply GeneXpert TB cartridges at cost, resulting in a price reduction of 20%. These price reductions will have a material impact on our ability to scale up testing and treatment coverage.

2.2 Develop high-quality grants aligned to the new Strategy

Following the completion of the Technical Review Panel (TRP) Window 3, 90% of GC7 country allocations and matching funds have been through TRP review. Of the 134 funding requests (FRs) reviewed so far, 129, or 96%, have been recommended for grant-making, and the TRP remarked on "the notable improvement in the quality of FRs" in reporting back to the Strategy Committee (SC).

Figure 3
GC7 allocation in grant-making by disease component following TRP Window 3 (US$ billion)



Source: GOS as of 19 October 2023. All amounts in US$.
Note: Dotted lines indicate communicated funds. Solid color indicates amount in grant-making.
For multi-component funding requests, amounts are split between the diseases on the basis of the current program split.
Available funding per component may shift due to program split adjustments.

GC7 FRs demonstrate a determined effort by most Country Coordinating Mechanisms (CCMs) to incorporate the priorities articulated in the Global Fund's Strategy 2023-2028 in the next cycle of grants. For example, TRP survey responses on the extent to which FRs (for Windows 1 to 3) demonstrated a focus on sustainability were 77% positive, versus 66% in GC6. Questions on equity and community systems got positive responses of 84% and 77% respectively.

Somewhat less impressive are the TRP perceptions on the focus on gender equality, at 64% positive (although this is an improvement on 58% for GC6). While Window 1 to 3 results for the new Gender Equality Marker suggest 53% of funding requests were gender equality-focused, with 21% having gender equality as a principal objective, there are noted gaps in applicant assessments, quality and the engagement of women, girls and gender-diverse communities. We have begun the journey of making our programming gender sensitive, but we have more to do.

Also showing room for improvement is the focus on human rights, with a 61% positive assessment by the TRP. Given the accelerating erosion of human rights in various countries, it is unfortunate that the reduction in catalytic investments meant we can only expand our Breaking Down Barriers initiative to 24 countries, and not the 35 we originally intended.

Across the three diseases, refreshed guidance has generally been translated into high-quality FRs. However, the constraints on funding are illustrated in high levels of unfunded quality demand (UQD), which following Windows 1 to 3 amounted to over US$5.9 billion. This is the highest level of UQD the Global Fund has ever recorded at this stage of the funding cycle. As of 1 November, over US$5 billion remains in GC7 UQD, despite hard negotiations taking place to find efficiencies during grant-making.

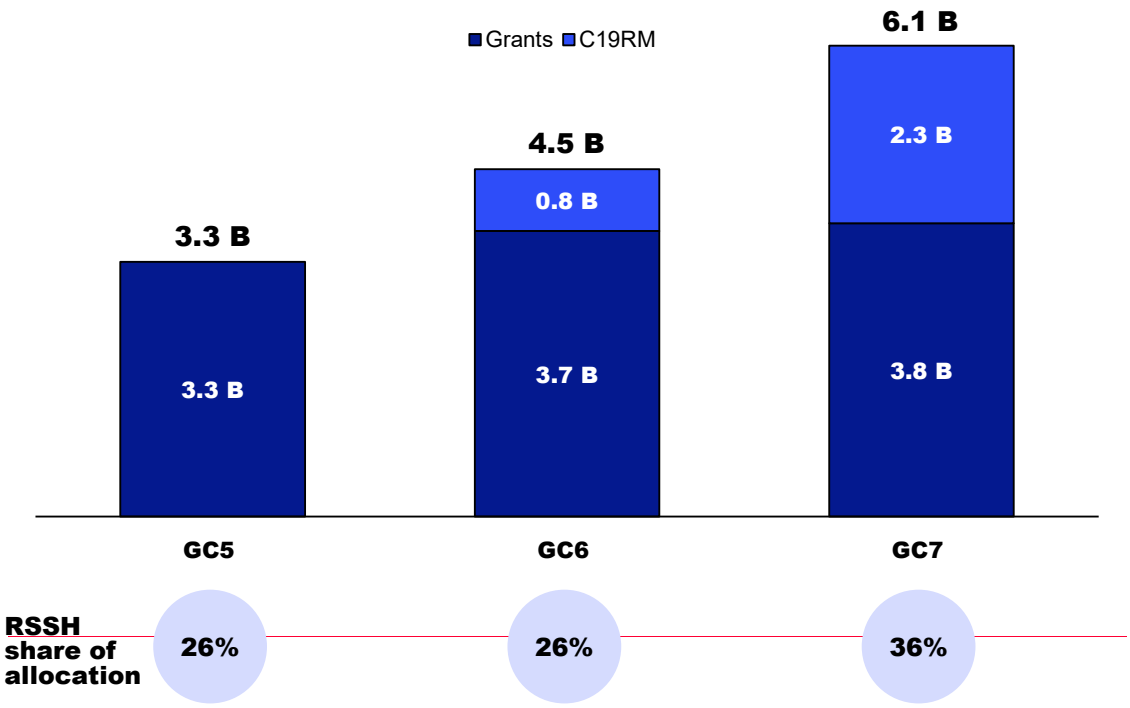
FRs submitted so far by countries for GC7 show a 79% increase over GC6 in funding for community systems strengthening (CSS) and a 127% increase over GC6 in funding for community-led monitoring (CLM). While funding amounts are likely to adjust as we move into grant-making, we expect CSS and CLM investments in GC7 to remain well above GC6 levels by the end of grant-making. In addition, there is US$169 million in community-led investments through C19RM.

When considering the prioritization of RSSH investments, the TRP survey indicated 77% (versus 71% in GC6) of funding requests demonstrated a strategic focus on RSSH, and 60% of FRs were perceived to have appropriate pandemic preparedness investments. Extrapolating from Windows 1 to 3, RSSH investments in GC7, combining both "direct" and "contributory" components, amount to about US$3.8 billion, or 27% of total GC7 investments (using the RSSH definitions agreed with partners including the World Health Organization (WHO) in 2015, and excluding payment-for-results grants). In addition, we anticipate RSSH investments of at least US$2.3 billion through C19RM, mainly "direct," giving a combined total of about US$6.1 billion. This brings the RSSH share of combined C19RM/GC7 investments in the next grant cycle period to 36%.

If we applied a methodology consistent with the external analyses endorsed by the Technical Evaluation Reference Group (TERG) drawn on for the Investment Case,

which were designed to measure contributions to health security and pandemic preparedness, the RSSH/pandemic preparedness and response (PPR) share of GC7 investments would be at least 36% (and with C19RM included, would be at least 43%).

Figure 4
Total investments in RSSH-PPR: GC5-GC7 (US$ billion)



RSSH share for GC7 only is 27%.
This represents a preliminary estimate, updated based on the latest available data. GC7 includes the actual budget for Window 1 (W1) and Window 2 (W2) and the estimate for Window 3 (W3) based on the W1 and W2 trajectory. For C19RM, the "health and community systems (HCS)" classification is used as a proxy for RSSH, and C19RM timelines overlap with both GC6 and GC7. C19RM funding includes the percentage of C19RM Opex for 2020-2023 and C19RM absorption applied to funds allocated to the C19RM amount "spent." For 2024-2025, the HCS estimate is 75% of all remaining funding. RSSH share is RSSH and C19RM funding over total, including grants and C19RM. Analysis excludes payment-for-results (PfR) for non-direct RSSH investments due to misclassification.

As of 10 November 2023, US$1.8 billion (across 39 countries) of the approximately US$2.2 billion[1] available for the strategic shift to RSSH-PPR through C19RM had been approved by the Investment Committee. Of the remaining US$375 million, US$157 million (across 3 countries) is scheduled for Investment Committee review during the week of 13 November, and US$218 million across 82 portfolios is being determined on a delegated basis.

[1] The US$2.2 billion does not include the percentage of C19RM Opex for 2020-2023 and C19RM absorption applied to funds allocated to the C19RM amount "spent."

Case Study

Kenya: New Oxygen Facilities Are Saving Lives

In the pediatric ward in Murang'a County Referral Hospital in central Kenya, Esther Marigi sits beside her 1-year-old son Stephen Irungu. After two days of treatment with medical oxygen for Stephen, Esther musters the courage to talk about how close she came to losing him.

Stephen has gone through a lot in his short life. At 8 months old, he was diagnosed with TB. After months of treatment for TB his health improved tremendously, until a new health challenge meant a new trip to the hospital. “He was in a terrible state when we arrived,” Esther says. “Oxygen saved his life.”

The role of oxygen in helping him beat this latest adversity is clear. Patients like Stephen may have access to treatment to beat big challenges, such as TB, but if they have no access to simple solutions like medical oxygen, they could still die. Judy Mwaura, a pediatric nurse at the hospital, says having oxygen piped to the wards has “worked wonders” and is saving the lives of many.

Across Kenya, in collaboration with Amref Health Africa and the Global Fund, the government is using COVID-19 investments to revamp its oxygen infrastructure. That effort is procuring 20,000 medical oxygen cylinders, 22 oxygen-producing plants and 14 bulk-storage tanks, as well as pulse oximeters and vital medical devices to diagnose hypoxia and deliver medical oxygen at the point of care. As Kenya takes steps to accelerate progress towards universal health coverage, investing in oxygen infrastructure is becoming a key milestone on that journey.

The Global Fund/Brian Otieno

Given the scale of the Global Fund's investments in RSSH, it makes sense to revisit the definitions of RSSH and, as far as possible, ensure alignment with partners. Reviewing the definition of "contributory" RSSH is particularly important, partly because there are widely differing perspectives on what should count, but mainly because we want to incentivize and highlight "diagonal" interventions that harness disease-specific investments to build broader service capabilities. This is key to creating the "people-centric" systems for health prioritized in the Strategy.

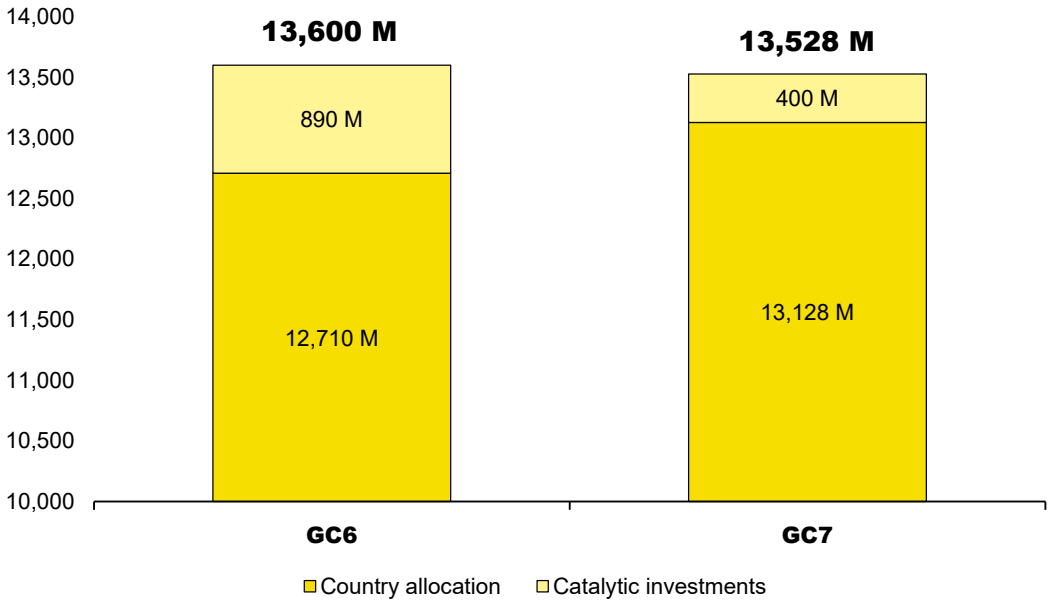
Even more important than agreeing definitions and measuring the share of total investments is ensuring we deliver commensurate impact from this massive increase in RSSH investments. This is no small challenge, given the pace and scale of incremental investments and the complexity of implementing large programs in highly technical areas like oxygen, disease surveillance and laboratory networks. I will return to this topic in section 4.1.

Further detail on our progress in implementing the Strategy is included in the Board document on *Strategy Implementation Acceleration into Grant Cycle 7*.

From a country perspective, 2023 has been an extremely demanding year for CCMs and Principal Recipients (PRs), given the simultaneous pressures of delivering on GC6, preparing funding requests and grants for GC7, and shifting the focus of C19RM through reinvestment and portfolio optimization. In this context, the results of the GC7 applicant survey are encouraging, with 90% of respondents rating the FR process as a positive experience (though this is lower than the 95% figure for GC6). Particularly noteworthy is the reported improvement in the quality of country dialogues, with 90% of respondents saying the GC7 process was better than GC6, with 50% saying it was much better. In general, it appears that the GC7 FR workload has been greater than for GC6, reflecting the addition of various requirements and annexes to incorporate priorities from the new Strategy, but that the efforts of the Secretariat to improve the design of the forms and process have paid off (80% of respondents said the forms were easier to complete).

We should also recognize that in developing FRs, CCMs have had to confront very difficult tradeoffs. It has been challenging to accommodate new or intensified priorities from the new Strategy, inflationary pressures, the implications of population growth, the cost of new technologies, etc., in – for most countries – an essentially flat country allocation. Although the scale of UQD indicates the extent of the unmet need, most CCMs have done a very impressive job in reconciling these demands as best they can, including by using C19RM reinvestment to complement their GC7 allocation investments.

Figure 5
Country allocations and catalytic investments across GC6-GC7 (US$ million)



Source document for the GC7 figure is from the Board document *2023–2025 Allocation Period: Sources and Uses of Funds.*

2.3 Enhance our organizational ability to deliver on strategic priorities

2023 has been a stretching year for the Secretariat and for the Global Fund partnership as a whole, both in terms of the sheer workload and in terms of the need to respond flexibly to rapidly changing circumstances and needs.

We have continued to evolve our organizational model in response to these changes in context and priorities.

We have implemented the new Monitoring and Evaluation Framework with the appointment of a Chief Evaluation and Learning Officer (CELO), John Grove, together with a new team, and the creation of the Independent Evaluation Panel. While there is still work to be done to finalize aspects of this new model, two major evaluations (Strategic Review 2023 and Allocation Methodology) are in progress, and an innovative country stakeholder feedback mechanism, known as Imbizo, will shortly be launched. Imbizo is a truly exciting proposition because it breaks new ground in terms of how we ensure country voices and insights are captured and used to inform learning and course correction.

To complement the new model for evaluation, we have also reinforced our approach to programmatic monitoring with the creation of the Programmatic Monitoring

Department (PMD), and the appointment of a new Head of Programmatic Monitoring, Steven Chapman, who joined in September.

Alongside the organizational developments to enable implementation of the Monitoring and Evaluation Framework, the Board approved new KPIs for the Strategy 2023-2028 in May 2023. While the current set of KPIs have helped inform strategic discussions at the Board and Committees, the new KPIs should be even more useful, since they are more closely tied to grant performance and to the delivery of our strategic objectives.

Other significant organizational changes during 2023 include the implementation of CRG Ready and the bringing together of the Performance Delivery and Strategy Implementation teams under our new Chief of Staff, Katie Kampf, who started in August.

CRG Ready combines increased investment in specialist resources in the Community, Rights & Gender Department (CRG) and the Grant Management Division to support our community, human rights, gender and equity priorities, and realignment of these resources to ensure greater impact. Implementation of CRG Ready coincides with the transition of CRG leadership from Kate Thomson to Vuyiseka Dubula, who joined in October. When she retires at the end of the year after over 13 years with the Global Fund, Kate will leave an extraordinary legacy of leadership and impact.

In addition to these organizational changes, we have continued to invest in our underlying systems and processes. For example, we have migrated to a new managed service model for applications, delivering significant savings and significantly improving our information security to protect against cyber threats.

We also implemented several process automation initiatives identified through the staff-driven Process Hackathon. For instance, we have implemented a new travel management system that streamlines the process, increasing efficiency and reducing staff workload. We have also increased automation of financial transactions and reporting, resulting in reduced errors and improved productivity. To facilitate the smooth development of high-quality grants, we have refined the FR and grant-making processes.

While we continue to have much to do in our efforts on protection from sexual exploitation, abuse and harassment (PSEAH), we have made significant strides in implementing the Global Fund's Operational Framework on PSEAH (and we are on track with respect to the new Agreed Management Action). For example:

- We have field-tested the SEAH Risk Mitigation Tool in nine countries, engaging country-level stakeholders from highly vulnerable communities.
- Since June, we have been engaging implementers in PSEAH capacity assessments. These will form the basis of capacity building and monitoring in 2024 and beyond.
- We are delivering PSEAH training for the Secretariat, Governance, CCMs and implementers.

- We have developed and communicated a Victim/Survivor Support Protocol.

We also continue to invest in CCMs as a crucial component of our delivery model through CCM Evolution and with the support of the joint SC/EGC (Ethics and Governance Committee) informal working group on CCMs. CCM Evolution has now engaged 93 CCMs and has initiated more than 400 interventions. Specific enhancements to the CCM model include the addition of 64 Oversight Officers and 15 Ethics Officers and a new Integrated Performance Framework for CCMs. While we will never have every CCM working perfectly, since they reflect the dynamics of their local contexts, and are critically dependent on the quality of leadership, the baseline assessments suggest most work reasonably well. On the CCM Evolution maturity scale, 84% are rated functional or better on Oversight, 89% on Engagement, 68% on Positioning, and 92% on Operations. Many CCMs are making good progress in improving their performance with the help of CCM Evolution.

2.4 Invest in our people and culture

2023 has been an extremely testing year for the people of the Global Fund, both at the Secretariat and across the broader partnership. On top of the usual cyclical peak of the final year of GC6 and grant preparation for GC7, implementation and reinvestment of C19RM has taken significant effort, and external crises have added to the pressures. Furthermore, the multiple new external initiatives demanding our engagement (e.g., Future of Global Health Initiatives (FGHI), an interim medical countermeasures network (i-MCM-Net), the Pandemic Fund, etc.) have absorbed considerable time and energy. Overstretch across the Secretariat brings people and execution risk; likewise, overstretch and bandwidth constraints amongst our CCMs and PRs increase the risk of delayed or ineffective implementation.

In responses to these issues, we have taken action, both in fire-fighting mode, by attempting to alleviate immediate pressures and address workload hot-spots, and more strategically, through reinforced workforce planning, strategic recruitment, training and leadership development, all under the umbrella of the People & Organization Ambition launched in early 2023.

The People & Organization Ambition's key priorities include:

- Building a continuously agile organization, by bringing in new skills where required (e.g., on climate change) and reconfiguring teams to respond to evolving challenges.
- Strengthening an inclusive culture of care and candor, including by using the psychological safety survey results as a catalyst for the development of over 65 action plans at the level of individual teams.
- Maintaining focus on health and well-being through 14 initiatives so far this year, involving 943 participants. Additionally, per capita medical leave to August has decreased by 11.3% versus the same period last year.
- Sustaining momentum on diversity, equity and inclusion (DEI) through implementation of our DEI Strategic Plan, which has included a range of

interventions to engage staff in discussing different aspects of DEI and building awareness and skills.

- Enhancing our talent base and pipeline, including key external hires.
- Reinforcing people leadership performance by providing people managers with new tools (e.g., on psychological safety), training, and development needs assessments.
- Strengthening Human Resources (HR) service delivery by optimizing several key processes. For example, we have reduced the employee queries desk response time from 3 days to 0.6 days, resulting in an HR Front Desk customer satisfaction rating of 87%, exceeding the 80% target.

Further details on the current status of our efforts on people and culture can be found in the dedicated Board document *People & Organization Update*. However, we recognize that addressing the issues arising from the intensity of workload cannot be resolved by HR alone (a conclusion supported by the Ombuds Report). This is a priority for me and the Management Executive Committee (MEC) as whole, and we have deliberately delayed, deprioritized or simplified certain processes in an effort to alleviate the pressures.

2.5 Sustain our resource mobilization momentum

Given the scale of the resourcing gaps, the plethora of competing demands, and the fiscal pressures on both donor and implementer governments, we cannot afford to lose any momentum on resource mobilization.

While we do not underestimate the risks, we are currently in a good place on pledge conversion. As reported in the Board document *Resource Mobilization Update to AFC,* 93% of GC6 adjusted pledges have now been paid, and we are on track for near complete conversion. For GC7, 47% of donors have signed contribution agreements (ahead of this stage in the last cycle) and 9% of contributions, or US$1,277 million, have been received in cash.

As anticipated, the scope for additional resource mobilization is highly constrained and we are not on track to be able to unlock the United States pledge of US$6 billion in its entirety, given the 1-for-2 matching requirement. This is disappointing, but not surprising, given the acute pressure on international development budgets, and the post-pandemic switch in donor priorities from global health towards climate change and conflict.

Perhaps the biggest conclusion from the lessons learned exercise for the Seventh Replenishment, which we have shared in summary with AFC and the Board, is the need to start even earlier on Replenishment planning and positioning. Preparing for the Eighth Replenishment is particularly challenging given the number of concurrent replenishments in the global health space (e.g., Gavi, the Vaccine Alliance (Gavi); the World Bank/International Development Association (IDA); WHO; and the Pandemic Fund).

Given the challenges around securing donor funding, there is inevitably greater focus on “crowding-in” other sources of finance through innovative finance mechanisms and domestic resource mobilization.

We continue to step up our efforts on innovative finance mechanisms, focusing primarily on blended finance and Debt2Health debt swaps. For example, in 2023 we executed a blended finance transaction with the World Bank to support scaling up TB programs in Indonesia, combining a US$300 million loan from the World Bank with a US$21 million contribution from the Global Fund to “buy-down” part of the loan. During GC6, we executed five blended finance transactions in total, committing US$64 million of Global Fund resources to leverage over US$900 million of lending. In order to facilitate further scale-up of our blended finance activities, in October 2023, the AFC approved a new approach to blended finance assurance that streamlines and simplifies the process. On debt swaps, we have conducted three transactions so far since 2020, amounting to US$83 million, with a fourth transaction currently in development. In March 2023, the AFC approved expansion of our debt swap efforts to include “tripartite debt swaps”, which involve the refinancing of public market debt. While we have yet to conclude such a transaction, we are engaged in several promising discussions with countries and providers of credit enhancement.

We have also stepped up our efforts on domestic resource mobilization, including through our partnership with the African Union (AU) Africa Leadership Meeting (ALM), advocating and tracking government health expenditure; through reinforcing our approach to co-financing requirements (described in more detail in the presentation to SC); and through partnering with governments and Supreme Audit Institutions, in collaboration with partners, including Gavi, the World Bank, the U.S. President’s Emergency Plan for AIDS Relief (PEPFAR), the Africa Centres for Disease Control and Prevention (Africa CDC) and the AU, to build public financial management capabilities and integrate HIV, TB and malaria financing into overall health financing strategies and national insurance schemes.

Case Study

Indonesia: Using Blended Finance to Strengthen the TB Response

Indonesia has one of the highest TB burdens in the world, accounting for more than 8% of global cases.

Funding for the fight against TB in the country is predominantly domestic and has significantly increased in recent years, but a large funding gap remains. To help address that gap, the Global Fund, the World Bank and the government of Indonesia signed a new blended financing loan earlier this year to improve the coverage, quality and efficiency of the TB response in Indonesia.

Through an investment of US$21.2 million, the Global Fund helped support government buy-in to develop and approve a US$300 million World Bank project designed to incentivize critical health reforms and strengthen the national TB response in Indonesia.

The initiative aims to support Indonesia's TB response by increasing health financing, prioritizing system performance, and addressing operational barriers to increase the impact of the Global Fund's grant investments. It supports the scale-up of cost-effective TB care and drug-resistant TB treatment, and the strengthening of digital health information systems to increase the reliability of TB data.

The targeted reforms aim to catalyze a significant increase in domestic financing for health, as well as private sector engagement, supporting efforts to move toward a sustainable transition from external financing.

The Global Fund/Jiro Ose

3 The Changing Global Health Context

In determining our priorities for 2024 and beyond, we are acutely conscious of the scale and pace of changes in the global context. The Global Fund has a clearly articulated Strategy, which we are committed to implementing, yet how we do this must reflect and respond to the rapidly changing realities around us, as well as the trade-offs imposed by our funding constraints. These are amongst the most critical changes and considerations we must factor into our planning:

3.1 Accelerating impact of climate change on global health

As discussed in the Thematic Update on Climate & Health, climate change is likely to exacerbate the already stark inequities in global health. While there are still huge unknowns about the nature, scale and timing of climate change's impact on different health threats, climate change is already having massive effects, and the countries and communities we serve are amongst the most vulnerable. The 50 most climate-vulnerable countries receive 71% of Global Fund resources and 87% of our malaria funding. Looking forward, we should anticipate a complex combination of first-order impacts (e.g., the impact of warmer temperatures on the geography of malaria, and of extreme weather events on malaria surges), second-order effects (e.g., the impact on TB of greater numbers of displaced people, or the impact on HIV, TB and malaria mortality from more widespread malnutrition), plus impossible-to-predict consequences like the potential impact of climate change on inter-species competition amongst malaria-carrying mosquitoes.

Climate change will also necessitate rethinking the boundaries of our partnership. For example, we have begun a dialogue with the Green Climate Fund (GCF), the largest multilateral climate fund. We anticipate that climate change may also further blur the distinction between humanitarian assistance and development aid, and between nutritional and health interventions, necessitating engagement with different partners (e.g., the World Food Programme).

The Thematic Update on Climate & Health provides more detail on these rapidly evolving challenges and how we have been responding to them. This response includes expanding our internal expertise, most recently with the hiring of Seon Mi Choi as Senior Advisor, Climate and Environment.

3.2 Increasing conflict and political tensions

While there has never been a halcyon period of global peace, the world is now in a period where conflict and acute political tensions are widespread and increasing. Both localized conflicts and broader geopolitical tensions have a direct impact on the Global Fund partnership's ability to deliver on our mission. Currently, 32 countries are categorized as challenging operating environments (COEs), and these countries account for 37% of the GC7 communicated allocation. Responding to the increasing occurrence of wars, coups and political crises – to ensure the safety of our staff and partners, to enable continuity of lifesaving services, and to sustain progress against

HIV, TB and malaria and in building RSSH – is continuously testing the flexibility and resilience of the partnership. In fact, this is where the Global Fund's unique model offers huge advantages, since it is often our civil society partnerships (e.g., Ukraine), our ability to move fast (e.g., Afghanistan), and our willingness to accept risks that make us distinctively able to respond effectively to such challenges.

3.3 Slow global growth and increasing debt

The latest International Monetary Fund (IMF) World Economic Outlook projects global economic growth of only 2.9% in 2024, well below the 2000-2019 average of 3.8%. Lower economic growth prospects and higher interest rates mean many of the countries we invest in face increasingly unsustainable debt burdens (according to the World Bank/IMF, 23 countries in Africa[2] already have unsustainable levels of debt). With most donor countries facing significant fiscal constraints, and many recipient countries directing an increasing proportion of their meager budgets to debt servicing, mobilizing resources for health is becoming increasingly challenging. In this context, we must step up our advocacy for investing in health, increase the focus on co-financing requirements and innovative financing opportunities, and intensify our emphasis on effective public financial management and value-for-money.

3.4 Erosion of human rights

We are seeing an alarming erosion of human rights in many parts of the world, both rich and poor, exemplified in different countries by discriminatory laws against LGBTQI+ communities, the demonization of migrants, the reversal of steps towards gender equality, and violence against marginalized ethnic or religious groups or other vulnerable populations. In a number of both donor and implementer countries, the idea of a right to health appears increasingly challenged, and notions of global solidarity seem to carry little weight. While the Global Fund partnership cannot alone reverse these troubling trends, we can demonstrate the power of global solidarity in action and must stand up for a rights-based approach to human health. The CRG presentation to SC provides further insight into these growing challenges and how we have been responding to them.

3.5 Evolution and tension in the global financial, development and health architecture

COVID-19 shone a harsh light on global health inequities, and LMICs, particularly those in Africa, are demanding change in the structure and functioning of the global health architecture, including a shift in the balance of power between donors and implementers, greater decentralization of research and manufacturing, and new approaches to ensuring equitable access. These dynamics echo similar debates about power and access to resources across the broader development arena, the worldwide response to climate change, and the global financial system. Given our country-driven philosophy and uniquely inclusive governance model, the Global

[2] This is likely an under-estimation of actual risk of debt distress, based on the most recently published data on debt sustainability assessments in low-income countries.

Fund has a distinctive position in these debates. Yet, given these dynamics, we cannot afford to be complacent and must be prepared to change. The discussion about representation at the Global Fund Board put forward to the EGC is particularly relevant in this context.

In addition, there are growing concerns amongst both donors and implementers about the fragmentation and inefficiencies across the global health architecture, with too many institutions, both multilateral and bilateral, competing for resources, investing in overlapping areas and creating excessive coordination and reporting burdens for implementer countries. We share these concerns, and we are committed to maximizing the impact of every dollar, including by collaborating more closely with key partners and by making it easier for countries to get donors and institutions to align in support of national health strategies.

Yet there is no single model that fits every country, and so far, the appetite for making significant change in the global health architecture seems limited. Focusing our energies on how the entire global health architecture can perform better in support of equitable access to quality health services and products, measured by better outcomes, would be admirable. This will require all stakeholders to set aside political considerations and institutional positioning and concentrate on solving the real challenges, taking an evidence-based and outcome-focused approach. For example, achieving this with WHO, Gavi, the RBM Partnership to End Malaria (RBM), the U.S. President's Malaria Initiative (PMI) and others in responding to the current challenges facing malaria, will set a good precedent on how we can better support country priorities together.

We must also acknowledge the financial realities. Our results show that the Global Fund partnership has done a remarkable job of making every dollar stretch as far as possible, investing in beating back the three diseases while building health system capacities. But every dollar can stretch only so far, so the trade-offs we face as a partnership are often unpalatable, with real consequences in terms of lives saved and the impact on communities. Partnering better with other organizations will help, but does not solve, this fundamental reality. We need to ensure we support countries, through the CCMs, to make decisions based on the best available evidence, taking full account of value-for-money considerations, and focusing on the impact on the poorest and most vulnerable communities. We must also ensure effective and efficient implementation, based on a pragmatic assessment of capacities, incentives and on-the-ground realities.

3.6 The growing threat of antimicrobial resistance and other potential pandemics

If pandemics like COVID-19 represent high-impact, low-probability events, antimicrobial resistance (AMR) represents a high-impact certainty, but more of a gradual process. Yet no one should underestimate the potential impact of widespread resistance to antibiotics on human health and clinical care. There will be a UN High-level Meeting on AMR in 2024, which should galvanize greater focus. The Global Fund will necessarily be involved, in part because multidrug-resistant TB

represents one of the biggest immediate AMR threats, and in part because our significant investments in infection prevention and control, mainly through C19RM, constitute a key component of the defense against AMR.

The threat of another pandemic has not disappeared, underscoring the relevance of the ongoing negotiations on a Pandemic Accord, the discussions about an interim medical countermeasures network (i-MCM-Net) and surge financing mechanisms, and continued investments in pandemic preparedness. Since wambo.org and our Pooled Procurement Mechanism (PPM) represent one of the largest, most established and most flexible medical commodity procurement platforms supporting LMICs, the Global Fund has a clear role to play in any medical countermeasures platform (as we demonstrated during COVID-19). Through C19RM and our ongoing RSSH investments in GC7, we are also the largest provider of grants for pandemic preparedness. Finding an effective way to collaborate with the Pandemic Fund (and other partners in this arena) is critical to maximizing our collective efficiency and impact.

3.7 The risk of failing to meet the SDG targets for 2030

Given COVID-19, climate change, debt crises, growing inequalities, and conflict – among other reasons – the world is likely to fall short of most of the SDG targets for 2030 embedded in the Sustainable Development Agenda. From a Global Fund perspective, we must confront the reality that we are not on track to meet the SDG 3.3 target of ending HIV, TB and malaria as public health threats by 2030, and that even with the remarkable recovery after COVID-19, continuing on our current trajectory is unlikely to get us there. This is not a reason to give up on this ambition. There is still time to get back on track. Yet this reality does underscore the dangers of diluting our focus on outcomes, and the imperative of maximizing the impact of every dollar.

4 Priorities for 2024 and Beyond

Looking ahead into 2024 and beyond, we need to ensure we are responsive to these macro changes while also sustaining the pace and quality of program delivery and impact. From the Secretariat's operational perspective, we have identified four key priorities:

4.1 Implement grants for maximum impact

Delivering impact through excellent implementation must be the overriding priority for 2024. We must ensure GC7 grants get off to a strong start and that we move rapidly to implement C19RM reinvestments.

Amongst other things, this will require strong alignment with robust country plans, alongside other investing partners; relevant and timely technical assistance, leveraging donor set-asides and technical partner expertise; effective monitoring and oversight to enable course correction as needed; continuous engagement with

implementing partners, including government, civil society and communities; and finally, the ability to adapt quickly to changing circumstances and priorities.

Looking specifically at the three diseases:

- For HIV, key challenges include countering the alarming trend on the erosion of human rights and achieving a rapid scale-up of the use of new prevention technologies, such as long-acting pre-exposure prophylaxis (PrEP), including the vaginal ring. We also need to accelerate integration at both institutional and service delivery level, since this is key to ensuring sustainability. For example, while there was a logic to having national AIDS programs reporting directly to heads of state, in some countries it may now be better to move towards integrating them into ministries of health. At a service delivery level, the challenge is how to secure the benefits of greater integration into broader service packages, without losing the benefits of focus.
- For TB, the fundamental priority is to build on current momentum, making the most of the recent price reductions in diagnostics and treatments, accelerating the transition to the 6-month treatment for drug-resistant TB (BPaLM) and exploiting the potential of new technologies, such as digital X-rays and rapid molecular diagnostics. The biggest challenge remains that of inadequate funding. Since most financing of TB programs is via domestic resource mobilization, mobilizing incremental funding will require sustained advocacy and increased use of innovative mechanisms such as blended finance and debt swaps.
- For malaria, responding to the simultaneous challenges of climate change, resistance to antimalarial drugs and insecticides, conflict and mass population movement within an inadequate funding envelope will require even closer collaboration amongst partners and rigorous prioritization of investments. Accelerating the deployment of dual AI ITNs is a clear priority, as is expanding and extending seasonal malaria chemoprevention (SMC). Working with Gavi, WHO, RBM and PMI to assist countries in optimizing the deployment of malaria vaccines (e.g., R21) alongside other interventions is critically important. Together, we must ensure that decision-making on where and how to use this welcome new tool is evidence-based, takes account of relative cost-effectiveness and reinforces the overall malaria response. We also need to be proactive in responding to the increasing threat of resistance to the most commonly used artemisinin treatments and the consequences for diagnosis posed by gene deletion.
- On RSSH, the pace at which we are scaling up investments in complex RSSH domains through both GC7 and C19RM, including disease surveillance, laboratory networks, capacity building of community health workers, procurement and supply chains, data systems and digital health, waste management, solarization and medical oxygen, means many countries will require significant implementation assistance. Here we must build on our successful experience from C19RM with Projects BOXER (oxygen) and STELLAR (laboratories), drawing on technical partner expertise and leveraging donor technical assistance set-asides. Close coordination with other partners across the different domains of RSSH will be key to maximizing impact and minimizing the burden on countries. For example, on

strengthening community health worker networks, we are committed to working closely with partners like USAID, the Africa CDC, the World Bank and UNICEF through the Community Health Delivery Partnership, while our Community Systems and Responses Catalytic Investment provides the platform to extend our collaboration to private philanthropy, the private sector and civil society, including through the Africa Frontline First Initiative.

Case Study

South Africa: PrEP Ring Ushers in New Era for Women and HIV Prevention

In many countries, including South Africa, girls and women continue to be disproportionately affected by HIV. This gender disparity is especially pronounced among adolescent girls and young women. The use of HIV prevention such as condoms is often controlled by male partners. Other options such as oral pre-exposure prophylaxis (PrEP) can pose difficulties. Taking pills every day can be challenging to remember and tricky to keep private from partners or family members. Some people feel unable to take pills due to HIV-related stigma. Injectable PrEP is a solution, but for some people, going to a provider every other month for injections is not an option.

Being able to prevent oneself from acquiring HIV is a human rights issue. Advocates have long championed the need to increase HIV prevention options for women, and for a discreet product that women exclusively control.

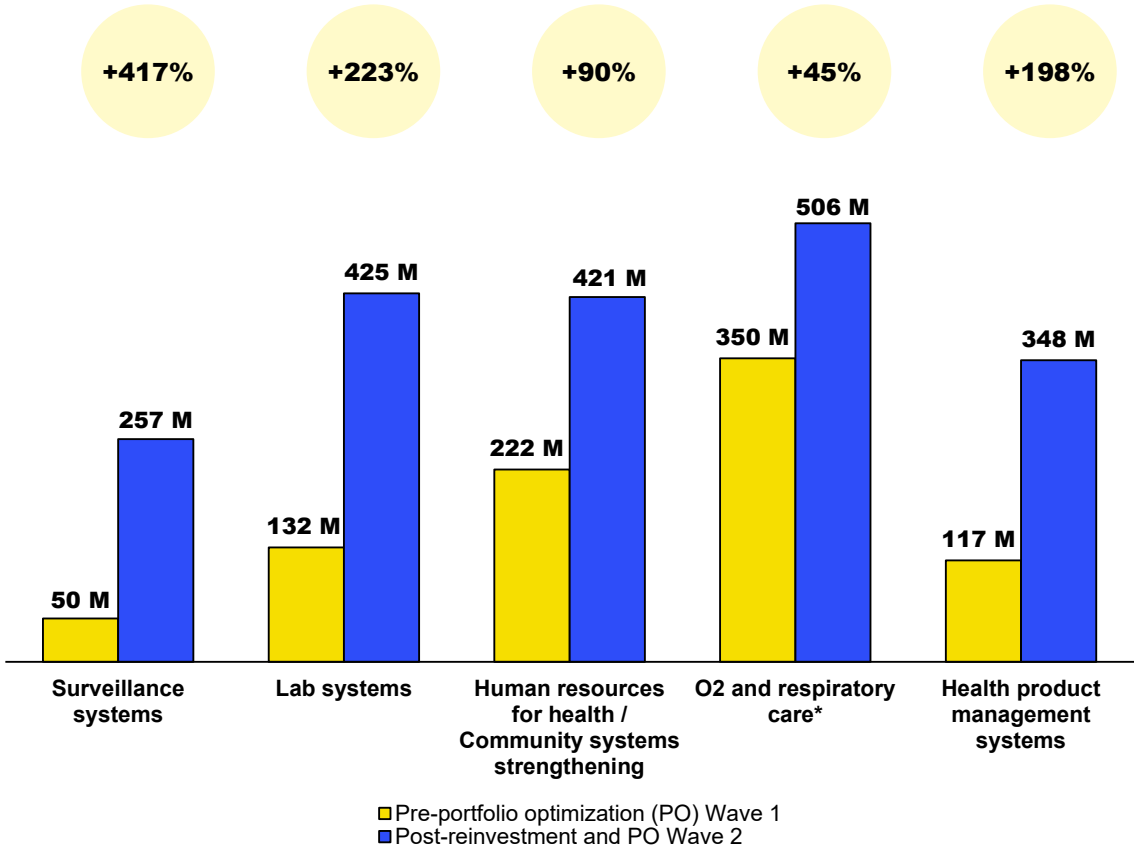
The Global Fund has been listening and is responding. Three key organizations, the AIDS Foundation of South Africa, Beyond Zero and the Networking HIV & AIDS Community of Southern Africa, recently placed an initial order of 16,000 dapivirine vaginal rings for HIV prevention with Global Fund support, which will expand prevention options for women in South Africa.

The PrEP ring is a silicone vaginal ring that can be inserted by users; it is private, efficient and gives the user control over their own body and decisions.

IPM (South Africa) a Population Council affiliate

In 2024, we will see much more of the benefits of the investments we have been making in medical oxygen through C19RM, which now amount to about US$617 million across the full portfolio, not yet including all reinvestment decisions and awards. The installation of pressure swing adsorption (PSA) plants, civil engineering to provide oxygen to the bedside and provision of specialized training and maintenance have proved complex and challenging. Yet this is the biggest enhancement of medical oxygen provision in LMICs that has ever happened, and it will have massive benefits beyond respiratory diseases like COVID-19 and TB, including for maternal health, acute trauma and surgical procedures. Our investments in oxygen are a powerful demonstration of how the Global Fund can help transform health system infrastructure and capacity.

Figure 6
C19RM investments in key RSSH-PPR components following reinvestment (US$ million)



Data shown for 39 countries reviewed by C19RM Investment Committee as of 10 November. The figure does not include data for investments still to be reviewed by the Investment Committee as of this date, or the additional US$218 million across 82 portfolios being determined on a delegated basis.
US$192 million in HIV, TB and malaria program-specific investments and US$157 million in COVID-19 control and containment investments are not included.
*US$97 million in auxiliary O2 investments excluded from both values.

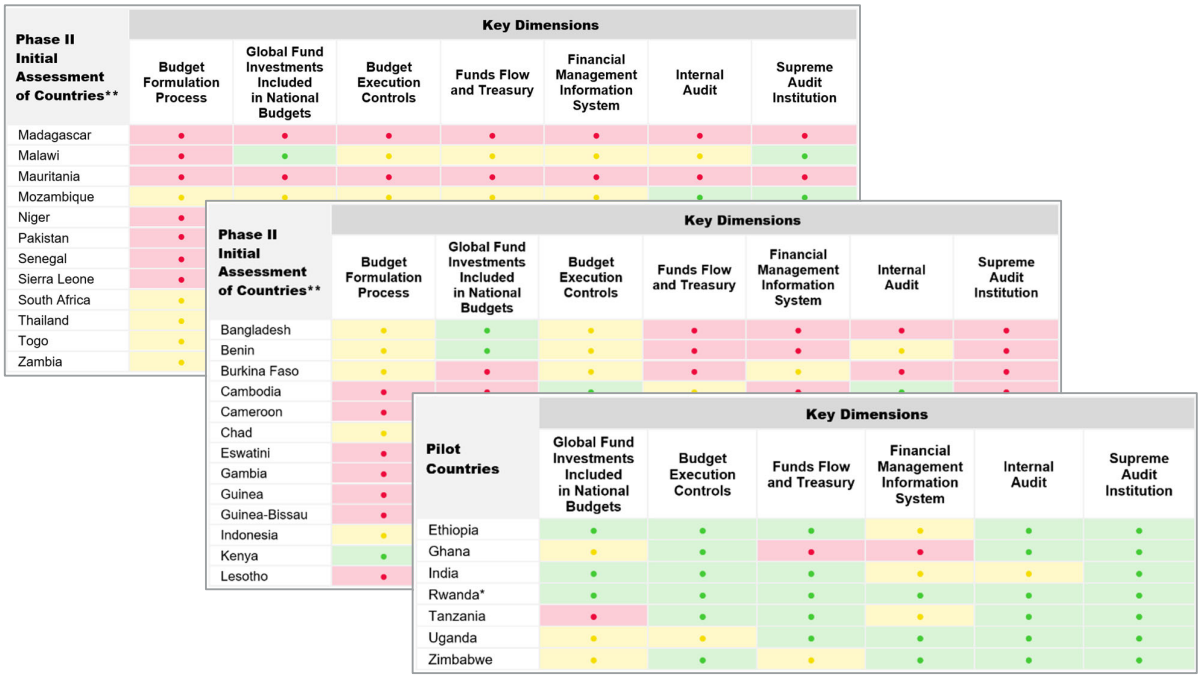
Across all three diseases, as well as in our RSSH investments, maximizing impact will require rapid and effective deployment of innovative tools (e.g., dual AI ITNs, long-acting injectable PrEP, the vaginal ring and digital X-rays) plus innovative

delivery models and systems (e.g., artificial intelligence (AI), mobile labs and self-testing).
Successful execution of our exciting NextGen Market Shaping Framework will require close coordination with a wide range of partners, including multilaterals, bilaterals, technical, development and private sector partners (including Unitaid, WHO, PEPFAR, the UK Foreign, Commonwealth & Development Office, GIZ BACKUP Health, the Clinton Health Access Initiative and the Bill & Melinda Gates Foundation). Institutional innovations such as the newly launched Revolving Facility and timely policy revisions (such as the updating of the QA policy brought to this Board) will also be crucial. By this time next year, we expect tangible progress from our efforts to galvanize regional manufacturing in Africa.

Accelerating impact will also require sustained investment in community-led interventions, including community-led monitoring. To counter the shrinking space for civil society in too many countries, we must maintain our insistence on inclusive decision-making, sustain our efforts to build community capacities, and be vigilant in ensuring funds reach community-based and -led organizations in a timely and efficient manner, given the vital role they play in delivering services to the most marginalized communities. Across all our implementation efforts we must maintain our strategic commitment to put people and communities at the center of everything we do.

To reinforce the effectiveness of our co-financing requirements, we are introducing more rigorous and systematic approaches to setting requirements, monitoring adherence, and making and reporting decisions on waivers or corrective actions. Co-financing requirements will not on their own change the challenging realities of many implementer governments' fiscal constraints, nor will they override domestic political decisions, but they provide a powerful tool with which the Global Fund can influence the scale and priorities of domestic health spending. Equally important is our work with countries' finance ministries and Supreme Audit Institutions to strengthen public financial management capabilities. Through Co-Link, and in collaboration with Gavi and the World Bank, we have been working for several years to mainstream the flow of Global Fund funds through national systems, increase donor financial harmonization and improve the quality of public financial management. This is not a quick fix, since it requires agreement on technical principles, extensive capacity building and often significant system investments at a country level, but it is a critical component of how we are implementing our Sustainability, Transition and Co-financing (STC) Policy and key to our management of financial and fiduciary risks. To provide a glimpse of the scope of our efforts, we have conducted financial management capacity building in 36 countries, executed resource alignment exercises for HIV in 52 countries in collaboration with PEPFAR, and piloted donor-harmonized and public financial management systems in 8 countries. These initiatives are already delivering measurable improvements in efficiency, risk management and absorption. Building on the successful pilots, we have identified an additional 31 countries where optimizing public financial management systems can play a critical role in enhancing impact and sustainability.

Figure 7
Initial assessment on use of Public Financial Management (PFM) system components across key PFM dimensions



Phase II Initial Assessment of Countries**	Key Dimensions						
	Budget Formulation Process	Global Fund Investments Included in National Budgets	Budget Execution Controls	Funds Flow and Treasury	Financial Management Information System	Internal Audit	Supreme Audit Institution
Madagascar	●	●	●	●	●	●	●
Malawi	●	●	●	●	●	●	●
Mauritania	●	●	●	●	●	●	●
Mozambique	●	●	●	●	●	●	●
Niger	●						
Pakistan	●						
Senegal	●						
Sierra Leone	●						
South Africa	●						
Thailand	●						
Togo	●						
Zambia	●						

Phase II Initial Assessment of Countries**	Key Dimensions						
	Budget Formulation Process	Global Fund Investments Included in National Budgets	Budget Execution Controls	Funds Flow and Treasury	Financial Management Information System	Internal Audit	Supreme Audit Institution
Bangladesh	●	●	●	●	●	●	●
Benin	●	●	●	●	●	●	●
Burkina Faso	●	●	●	●	●	●	●
Cambodia	●						
Cameroon	●						
Chad	●						
Eswatini	●						
Gambia	●						
Guinea	●						
Guinea-Bissau	●						
Indonesia	●						
Kenya	●						
Lesotho	●						

Pilot Countries	Key Dimensions					
	Global Fund Investments Included in National Budgets	Budget Execution Controls	Funds Flow and Treasury	Financial Management Information System	Internal Audit	Supreme Audit Institution
Ethiopia	●	●	●	●	●	●
Ghana	●	●	●	●	●	●
India	●	●	●	●	●	●
Rwanda*	●	●	●	●	●	●
Tanzania	●	●	●	●	●	●
Uganda	●	●	●	●	●	●
Zimbabwe	●	●	●	●	●	●

*Note that Rwanda was not a pilot country but rather served as a baseline when this work commenced in 2017.
**25 countries shown for Phase II, 6 additional countries to be assessed.

For the 29 countries under the Additional Safeguards Policy (ASP), which provides additional control and assurance mechanisms tailored to country circumstances, we have committed to reviewing current arrangements and providing greater clarity on exit criteria. We also look forward to the conclusions of the ongoing Office of the Inspector General advisory on this topic.

Given the scale and complexity of the implementation task in 2024, Country Teams and PRs will be focused on timely and effective execution. With this in mind, we need to do our best to minimize other distractions or burdens.

4.2 Strengthen organizational effectiveness and adaptability

During 2024, we will continue our efforts to streamline critical processes, enhance organizational agility and strengthen capabilities in key areas. New investment in Secretariat capacities will be extremely limited, given the essentially flat Opex budget brought to this Board for approval. Tight Opex constraints mean that investments will need to be funded from savings elsewhere in the Secretariat, after absorbing inflationary pressures. This will also affect the pace of technology-driven process improvements and automation since we have significantly reduced funding for IT projects. Nevertheless, we are committed to continuing our efforts to strengthen capabilities in key areas, including CRG, Ethics, PMD and Supply Operations, and to increase efficiency through investments in, for example, health product planning and

procurement (Plan to Report), grant processes, programmatic data infrastructure and analytical capabilities, and IT service management.

We are also looking to achieve efficiency and effectiveness benefits through closer collaboration with partners. For example, with Gavi, we have launched four workstreams exploring opportunities to deepen collaboration: 1) optimizing the deployment of malaria vaccines (e.g., R21) as part of the broader malaria toolkit; 2) enhancing coordination on RSSH investments (including metrics); 3) increasing coordination in-country (with a focus on COEs); and 4) identifying and realizing administrative and other operational synergies. These workstreams build on a partnership between the Global Fund and Gavi that is already deep and multidimensional. We already share project implementation units in a number of countries; we partner in helping many countries on health management and data systems; we collaborate on advocacy; and we share not just an office building, but also services like technology support.

There are many other opportunities to strengthen existing collaboration with partners. For example, through NextGen market shaping, we are deeply engaged with partners, including Unitaid, WHO, FIND, PEPFAR and the Africa CDC, to increase equitable access to critical medical commodities, including by catalyzing the development of regional manufacturing in Africa. By this time next year, we expect to see tangible progress on African manufacturing of a number of key product areas, including HIV rapid diagnostic tests, antiretroviral drugs and dual AI ITNs.

4.3 Invest in our people and culture

In 2024, we will continue to drive progress across the key components of our People & Organization Ambition, including:

- Continuing to reinforce workforce planning, including forward management of tapering C19RM resources.
- Taking action to protect staff well-being and create time for meaningful work in the context of ongoing workload pressures through rigorous prioritization, surge resourcing and other measures.
- Continuing to work on fostering a culture of care and candor, with a particular emphasis on areas with low psychological safety scores.
- Sustaining our momentum on our journey on diversity, equity and inclusion.
- Continuing investment in learning and leadership development, including new tools and target support for people managers.
- Further reinforcing HR service delivery.

Managing the impact of intense workload pressures on teams and individuals must remain a priority in 2024. There is no easy answer here, since we cannot ease up on delivering impact when so many lives are at stake, and we must also maintain a tight grip on Opex. At MEC we are continuously looking for activities to deprioritize, or processes to streamline, but we also need the help of the Board and Committees in this regard. There is a constant demand for enhanced reporting or new projects or reviews, plus a multiplicity of external initiatives to engage in, and while most such

requests are reasonable when viewed on a standalone basis, the cumulative impact on Secretariat workload is considerable. My concern is that if we are constantly running at full stretch or more, we generate executional risk and have less ability to respond quickly and flexibly to new opportunities or challenges.

4.4 Sustain resource mobilization and launch the Eighth Replenishment

During 2024, on top of having to continue to work on pledge conversion, we will need to prepare for and launch the Eighth Replenishment. Amongst other things, this will entail:

- Securing a host, which will be complicated by the number of contemporaneous elections in potential host countries.
- Developing a technically robust and compelling Investment Case.
- Developing public and private sector donor engagement and resource mobilization strategies responsive to the complex and volatile environment.
- Mobilizing advocacy partners and designing and launching an overall communications strategy.

While the formal campaign for the Eighth Replenishment will likely be launched very early in 2025, we will have to intensify engagement with donor partners well before then, not least because so many other global health replenishments are likely to take place during 2024 (including Gavi, WHO, the World Bank/IDA, and possibly the Pandemic Fund), and we need to make sure the distinctive role of the Global Fund in the global health ecosystem is clear and that donors are factoring our future funding needs into their decision-making.

4.5 Respond to external changes and challenges

More fundamentally, conducting a successful Eighth Replenishment will require us to have robust answers to some of the big questions about the Global Fund's future positioning and role arising from the external challenges outlined in Section 3. For example (and this is not exhaustive):

- How should the Global Fund respond to the likelihood that on our current trajectory we will not have completed our mission to end HIV, TB and malaria by 2030? Should we redouble our efforts to get back on track, or should we start planning for a longer horizon? How can we sustain donor commitment in the context of flat-to-declining official development assistance (ODA) budgets and the intensification of competing demands? From being the top priority in development assistance, global health is now overshadowed by climate change and conflict.
- What should be the Global Fund's role and distinctive value-add in supporting countries' path towards universal health coverage (UHC)? Should we devote more resources to "horizontal" RSSH investments, or should we focus more on creating "diagonal" interventions that simultaneously deliver on disease-

specific objectives and strengthen health system capacities? How do we balance this against meeting the big commodity gaps on HIV, TB and malaria? How can we leverage our unique strengths as a partnership to protect and enhance the "U" in UHC?

- How do we deliver on our commitment to put people and communities at the center in a context where human rights and the space for civil society are increasingly challenged? What more should the partnership be doing to protect and deliver a rights-based approach to health and strengthen inclusive decision-making?
- What role should the Global Fund play in countering the impact of climate change on health? Where does climate change pose the biggest challenges to our mission to end HIV, TB and malaria? Which partners do we need to work with and what is our distinct value-add?
- What role should the Global Fund play in pandemic preparedness and response post C19RM? How can we best collaborate with the Pandemic Fund, WHO, Unitaid and others, based on our comparative advantages? What should be our positioning in the overall AMR response?
- How do we respond to increasing instability and conflict in many of the countries in which we invest? Is our current COE approach sufficient, or do we need to become even more flexible in our approach and risk appetite?
- How should we be positioned within the broader debates about "North/South" power and political dynamics? How do we share the unique strengths of the Global Fund's inclusive governance and delivery model? What changes should we make to our current governance arrangements and operational model in response to these considerations?

The FGHI process has tackled some important issues around increasing country ownership and reducing fragmentation, and it has delivered some relevant outputs on which we can constructively build (e.g., around deepening collaboration with Gavi/Global Financing Facility, enhancing alignment on RSSH metrics, and increasing the use of countries' own financial mechanisms). Yet the bigger questions arising from the changes and challenges in the external environment go well beyond the scope of FGHI.

As a partnership we will need to tackle these big and difficult questions as we look ahead to Grant Cycle 8 and 2030. As we begin these discussions, I believe we should bear in mind several considerations:

First, we must keep an unerring focus on impact measured on the outcomes for people and communities – saving lives, reducing infections, improving the health and well-being of individuals and communities in measurable ways, reducing inequities in access and outcomes. This unwavering focus on delivering impact has been key to the Global Fund's sustained success in mobilizing resources and engaging partners. We diverge from this at our peril.

Second, we should try to avoid the false dichotomy of the "vertical" versus "horizontal" debate. Every time I visit in-country programs I am struck

by the fact that we need both: the tools and the clinical pathways to tackle the diseases that are killing people, and the systems and platforms to deliver these interventions. The optimal balance depends on the country context and will change over time. For example, in many countries, HIV programs are now at a level of maturity that it makes sense to focus on greater integration.

Every intervention needs to strike a balance between being focused enough to ensure delivery of results and being sufficiently broad to address the complexity of people's needs and contribute to broader health objectives. Both "vertical" and "horizontal" interventions can be too siloed. Moreover, the synergies work both ways. We invest in health system infrastructure and capacities in order to deliver our disease objectives. By reducing the burden of disease, we free up health system capacity to tackle other health needs.

Given the massive gap between available resources and the immensity of health needs in the countries in which we invest, very difficult trade-offs are unavoidable, and different stakeholders will inevitably have different perspectives on these choices. That is why the difficult prioritization decisions must be taken at country-level by the CCMs, and must be driven by scientific evidence, practical implementation considerations, and a rigorous focus on outcomes.

Third, we must be clear and objective about where the Global Fund has comparative advantages versus other global health actors, whether governments, regional entities, other multilateral agencies or other partners, and where we should step back and rely on others. Although we have room for improvement in many areas, the Global Fund partnership model has some unique characteristics and a number of truly distinctive strengths. We have an exceptional record of delivering impact and have demonstrated our adaptability and resilience.

Fourth, we must think rigorously about the evolving role of externally provided finance in achieving global health objectives, including the role of grant finance versus concessional lending.

The starting point must be that financial resources, whatever the source, should be directed towards interventions that are likely to deliver the greatest value-for-money given the scientific evidence, implementation practicalities and costs. This should be self-evident, but apart from the many methodological difficulties in determining which interventions deliver greatest value-for-money, there are numerous examples where other considerations (e.g., novelty, ideology, and political and institutional self-interest) override objective analysis.

A second fundamental principle is that external funding should be driven by implementing countries' own priorities. The principle of country ownership is central to the Global Fund model. Countries – defined broadly to include civil society, communities and the private sector alongside governments – are in most cases best positioned to determine what interventions are most needed, and how best to deliver them. This is why CCMs are central to the Global Fund approach.

Yet the general principles of value-for-money and country ownership still leave considerable room for debate about which interventions external providers of finance such as the Global Fund should focus on, and which should be funded through domestic resources (as well as the targeting of grants versus concessional lending). Relevant considerations include the existence of positive externalities, the willingness of implementer governments to take on certain categories of health spend, the likely trajectory of needs, where comparative advantage lies, and the ability to report compelling outcomes. The greater the gap between available external resources and the potential needs, the more important it is to have a clear framework to guide decisions.

Finally, we should recognize what the Global Fund can contribute to a country's journey towards the overall SDG 3 goal of health and well-being for all, but also the limitations. For example, it is indisputable that the Global Fund is making enormous contributions to helping many countries make progress towards UHC – by reducing the burden of HIV, TB and malaria and thus freeing up health system capacity; by investing at scale in critical components of the health system; by providing access to affordable quality-assured medical commodities; by supporting the development of national health financing strategies; and by tackling the barriers to health systems access. However, the pace of progress towards UHC will ultimately be determined by the country itself, and achieving this goal will require sustained political leadership and the willingness to make tough decisions. No country will achieve UHC unless it is prepared to introduce significant levels of redistributive taxation (either explicitly or through compulsory health insurance), investing at minimum the Abuja Declaration target of 15% of public spending on health. Moreover, no country can achieve UHC while simultaneously promoting laws and policies that undermine the "U" of UHC. Delivering UHC is ultimately a question of political will. The Global Fund can make the case, and can help accelerate the journey, but we cannot alone turn rhetoric into reality.

These five considerations all play into how we should think about our evolving priorities as a partnership as we respond to the external changes and challenges confronting us.

5 Conclusion

The Global Fund partnership continues to deliver extraordinary impact, saving lives and making a difference to communities around the world. Despite the setbacks from COVID-19 and other crises, and persistent shortfalls in funding, we are continuing to make progress against HIV, TB and malaria, in strengthening health systems, and in pursuing the SDG 3 goal of health and well-being for all. The Global Fund partnership has demonstrated exceptional resilience and agility in the face of COVID-19 and the cascade of crises that have followed.

Given the challenges of climate change, conflict, and geopolitics, extreme volatility in the external environment and the rapidly evolving array of risks, the Global Fund must continue to demonstrate the resilience and agility that has underpinned our success so far. Our partnership must be willing to change to respond to these new challenges, but we must also protect the essence of the Global Fund model, including our focus on people and communities, on delivering outcomes, and on tackling inequities. We know this model works.

Navigating this complex, rapidly evolving context will test our partnership, since we will have to make difficult choices. But working together to solve seemingly impossible challenges has been at the core of the Global Fund since the very start.

It is easy to get depressed about the state of the world. The horrifying events unfolding in the Middle East come on top of the all-too-numerous conflicts elsewhere in the world. Some of these dominate our media, while others are almost forgotten, but from Yemen to Afghanistan to Ukraine or Sudan, the human cost is horrendous, and in many instances, these conflicts have a personal impact on colleagues and partners. In a world where the concept of our common humanity seems diminished, the Global Fund remains a powerful expression of global solidarity. To me, working here is a privilege and a responsibility. The worse the world gets, the more it matters what we do.

Amidst all the gloom, we should not lose sight of the difference we make: of the lives we save, the illnesses we avert, and the opportunities we provide for individuals and communities to thrive and prosper, free from fear of the deadliest infectious diseases. At a time when there's so much skepticism about what can be achieved in the face of seemingly intractable problems, the Global Fund partnership is proof that humanity can work together to solve shared problems.

In closing my report for 2023, I would like to thank the Board and Committees for their oversight and counsel, the staff of the Secretariat for their professionalism, hard work and passion, and all our partners for their collaboration and commitment. Above all I would like to recognize and thank the hundreds of thousands of frontline health workers who dedicate their lives to saving and caring for others. ●