



Sustainability Overview

51st Board Meeting

For Board Input

GF/B51/04A

22 – 24 April 2024, Geneva, Switzerland

Executive Summary

- This presentation presents an initial contextual framing to inform future governance discussions and action on sustainability;
- The challenging and changing health and economic landscape is summarized, with a focus on health progress, poor and vulnerable populations, and new challenges to progress;
- The major relevant policy levers the Global Fund uses to address these challenges are reviewed, including public financial management efforts, transparent and predictable funding, and NextGen Market Shaping. Many levers operate at the country-level but per SC guidance, Eligibility, Allocations, and STC will be holistically reviewed in advance of GC8 and in the context of broader sustainability efforts,
- Five brief country case studies are presented to illustrate some of the significant diversity of sustainability challenges facing countries at various points in the development continuum;
- Finally, proposed next steps and remaining difficult questions are outlined, and input requested to guide the focus of future efforts to strengthen the sustainability of Global Fund-supported programs.

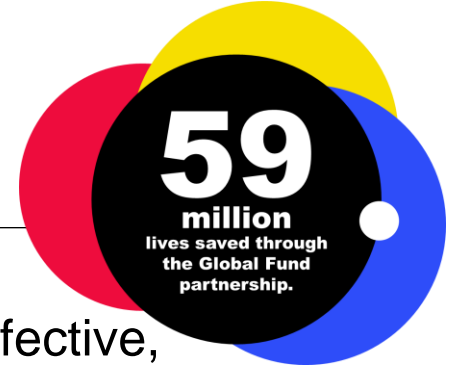


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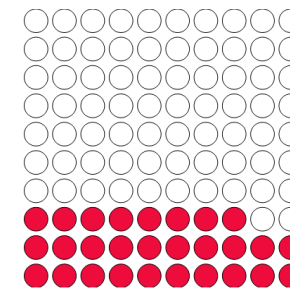
Changing global health and economic landscape

4-5	Global Fund in a changing landscape
6-8	Changes in burden of disease
9-12	New challenges
13-15	Development economics
16-17	Development assistance for health

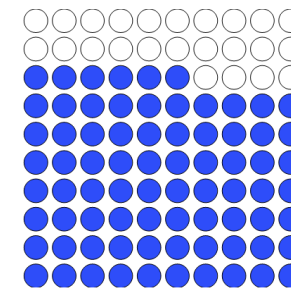
Achieving the Global Fund's Strategy in a changing landscape



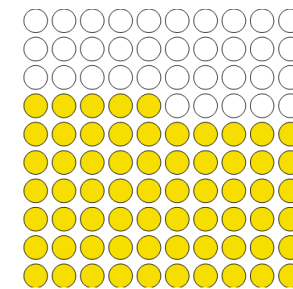
- Since the Global Fund was established in 2002, it has proven to be one of the most effective, highest value for money¹ development financing mechanisms and the largest multilateral grant provider of development assistance for health.
- It has helped change the health and economic prosperity of LIC and MIC countries - providing lifesaving services with negotiated commodities procured at affordable prices, scaling up critical prevention programs, strengthening the core components of systems for health and pandemic preparedness, using its leverage to drive equity, human rights and gender equality, all undertaken through the most inclusive country-led partnership model among its peers, with communities at the center.
- In spite of the partnership's increasing achievements, there is much more that needs to be done, including to drive down infection and mortality rates in line with the SDG goals.
- However, the world is continuing to change, and the evolving health and development landscape needs to be factored in as the Global Fund doubles down to achieve its Strategy and supports the sustainability of this progress.



 **28%**
of all international financing for **HIV**



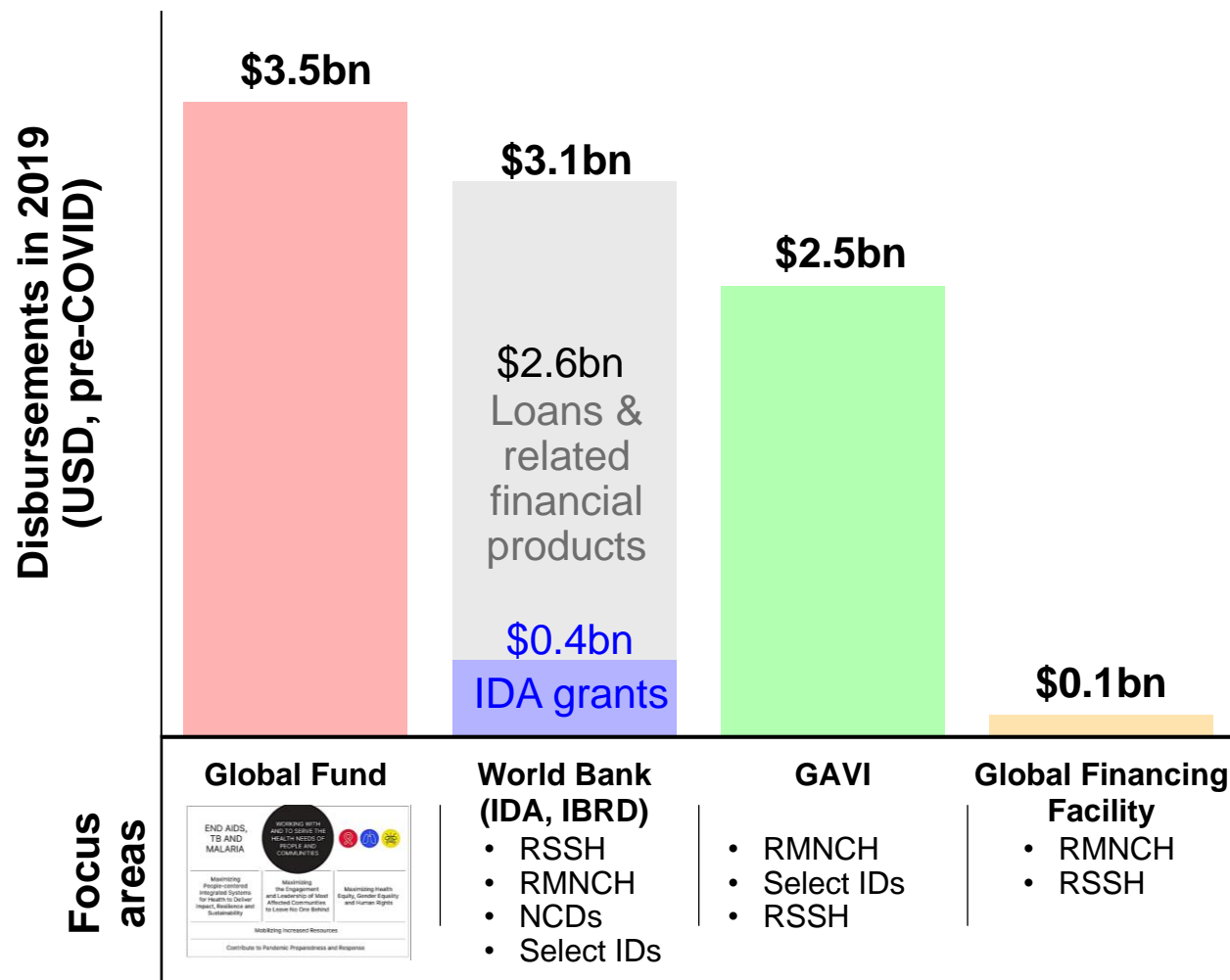
 **76%**
of all international financing for **TB**



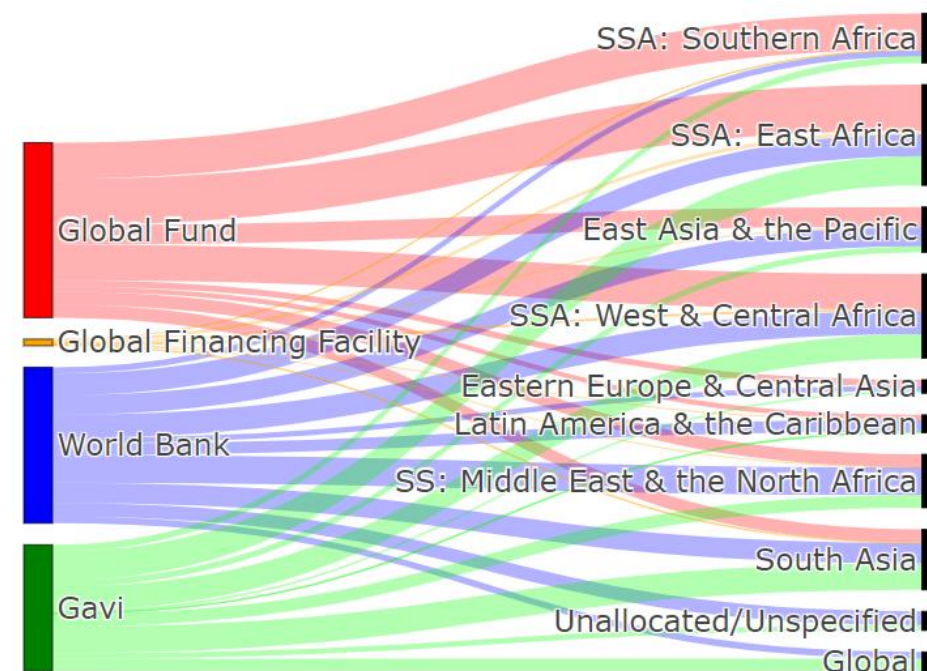
 **65%**
of all international financing for **malaria**

¹ Analysis conducted in support of [GF/B45/02](#) found Global Fund has a very lean cost structure when benchmarking for operational efficiency with peer organizations (i.e., ratio of Secretariat OPEX in relation to level of pledges and adjusting for differences in risk and assurance models). Sampled peer organizations (Gavi, IFAD, Stop TB and Unitaid) have operational efficiency ratios ranging from 7% to 37%, while the Global Fund's current ratio is 5.4%.

Global Fund plays a critical financial role among its partners in delivering the key areas of its Strategy



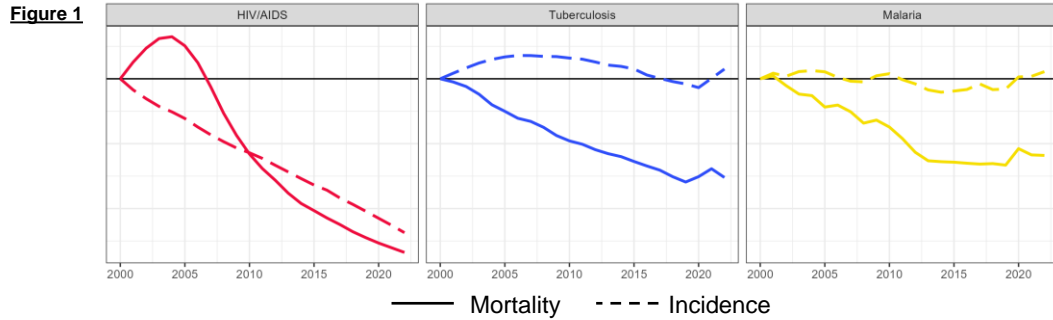
Disbursements among key multilateral providers of health financing, by region (2019, pre-COVID)



Notes: RSSH (resilient & sustainable systems for health); RMNCH (reproductive, maternal, neonatal, & child health); NCDs (noncommunicable diseases); IDs (infectious diseases); Figures from analysis of 2019 disbursements; World Bank IDA grant share as per [CGD estimate](#) of 24% (baseline scenario), WB and Gavi data obtained from IHME Development Assistance for Health Database (1990-2021) where estimates are based on project databases, financial statements, annual reports, IRS 990s, and correspondence with agencies; Global Financing Facility (GFF) data obtained from most recent publicly available annual report (2021) and project documents where available, assuming equal distribution of grant disbursement across project timeline falling within 2019; Investment case dates were used in cases when GFF project timeline dates were not available, whereby the project was assumed to not yet have started when investment case was not yet approved; Board approval date was used in instances where investment case start date preceded Board approval. **Sources:** [IHME 2023](#); [GFF Annual Reports](#); [GF GC5 disbursements](#); [Gavi 2022](#)

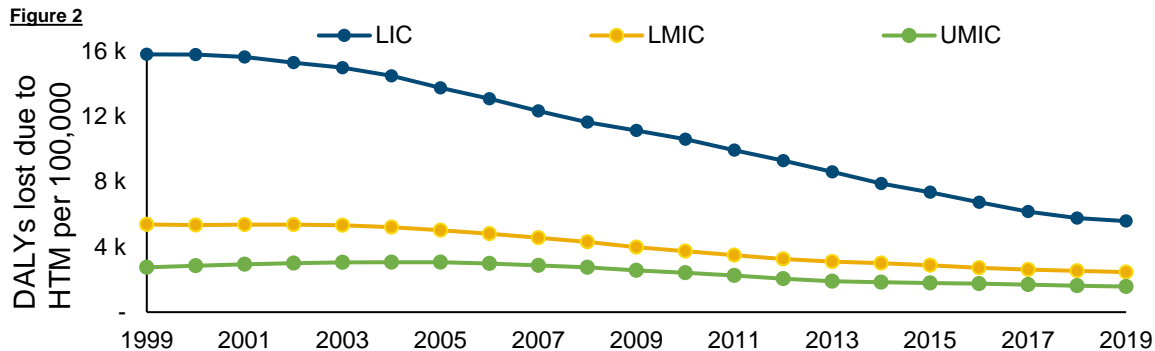
Challenges in driving down new HTM infections

Countries have achieved tremendous success **saving lives** with Global Fund support, but more work is needed to **reduce new infections**.



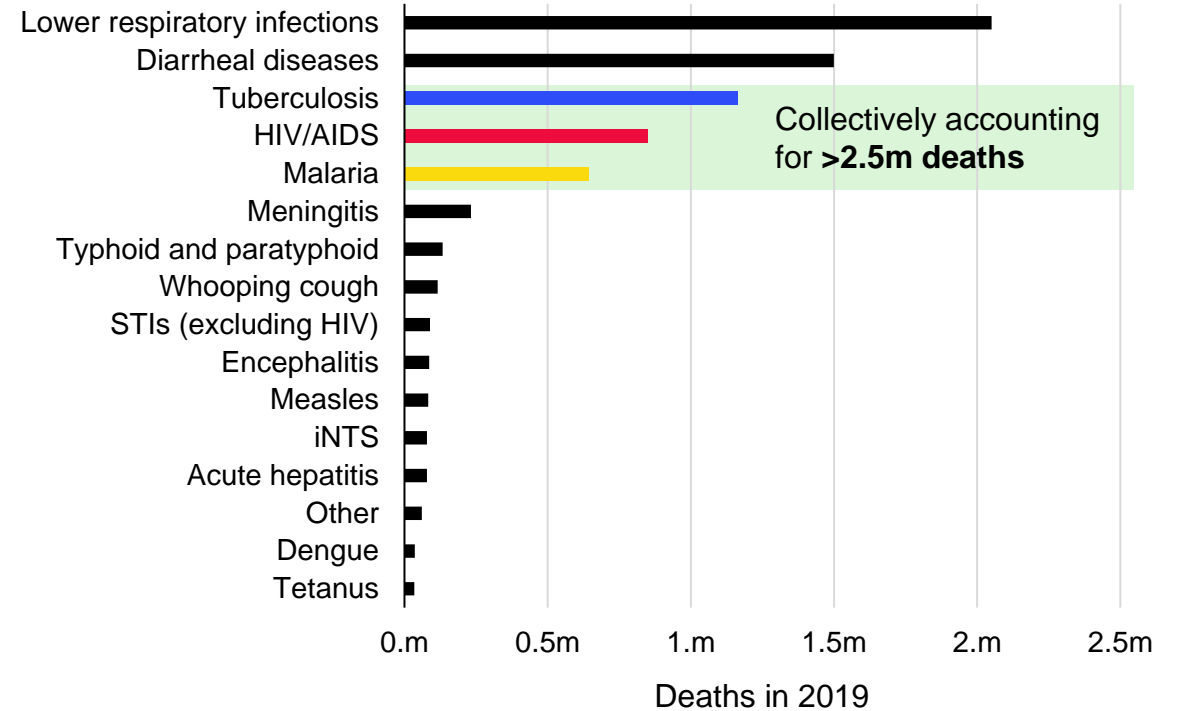
While declining, the **burden of HIV, TB, and malaria** continues to be **concentrated in low-income countries**.

Although this overall trend **masks increasing incidence in groups such as KVP** in all income categories.



Top 10 infectious disease related causes of death in LICs and MICs

Figure 3



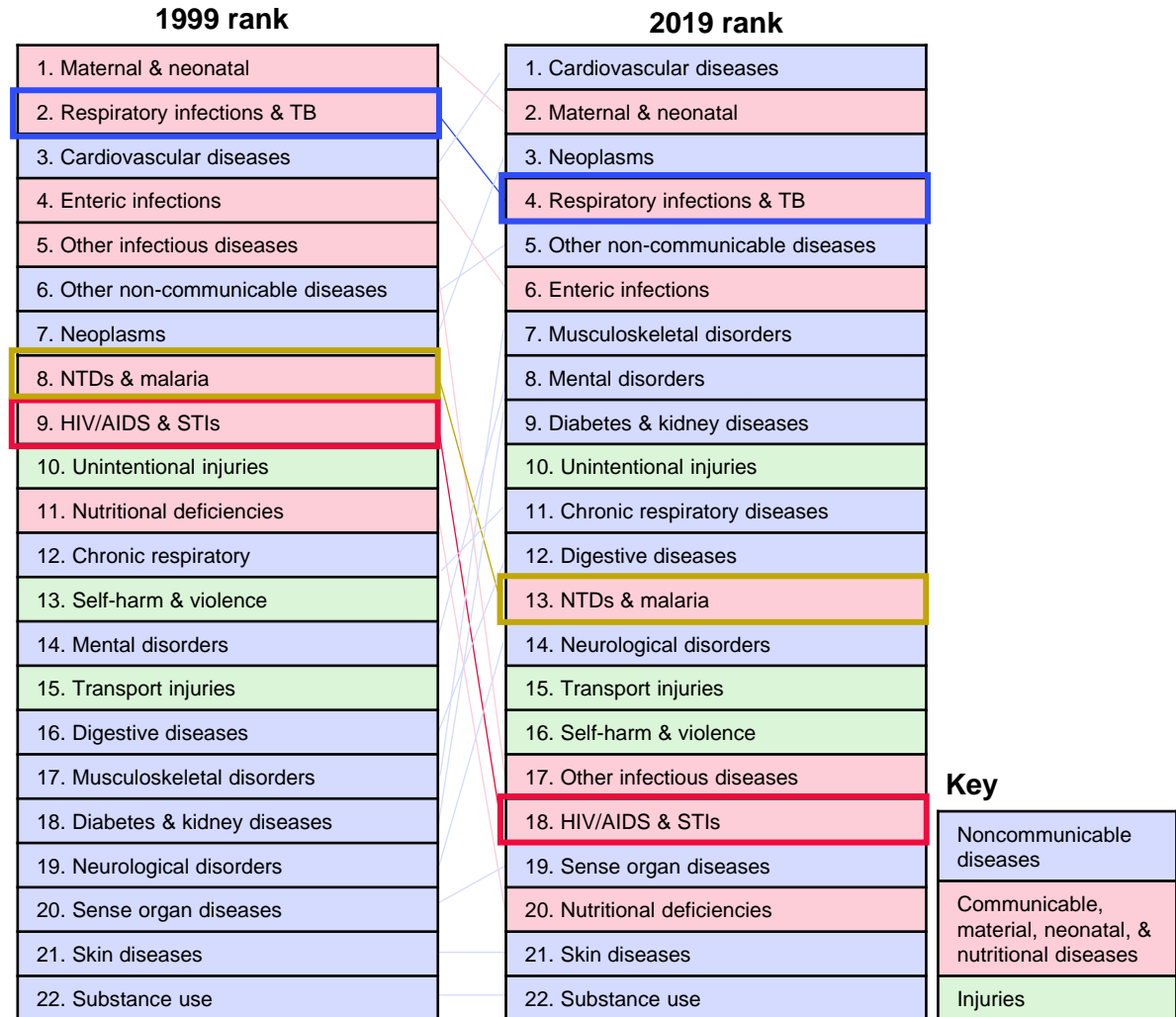
The fight is far from over, with **HIV, TB, and malaria** the **biggest single infectious disease causes of mortality** in LICs and MICs

Notes: DALYs (disability adjusted life years); KVP (key & vulnerable populations); LIC (low-income countries); MIC (middle-income countries); STIs (sexually transmitted infections); iNTS (invasive non-typhoidal salmonella). **Source:** Figure 1) Global Fund analysis using data from UNAIDS and WHO; 2 & 3) Global Fund analysis using data from [IHME 2019 Global Burden of Diseases Study](#);

Successes in addressing HTM have been accompanied by rising levels of NCDs

- People are living longer in regions affected by HIV, tuberculosis, and malaria, due in part to **Global Fund's success** over the past 20 years.
- **NCDs cause 41 million deaths annually** (representing 74% of all deaths), with 77% occurring in LICs and MICs, where life expectancy and therefore **NCD burden is rising**.
- **Age-related NCDs** are an increasing challenge for PLHIV on long term treatment, presenting an opportunity to integrate HIV services into PHC and NCD care.
- While the fight continues against HIV, TB, and malaria, **other communicable diseases such as cholera and Aedes-borne viruses are emerging as potential threats**.
- The **double burden of non-communicable and communicable diseases** puts already stretched systems for health and programs under significant strain.
- Ending AIDS, TB, and malaria is critical to **ease this strain, save lives and build critical systems and capabilities**.

Ranking of DALYs per 100,000 in LICs & MICs



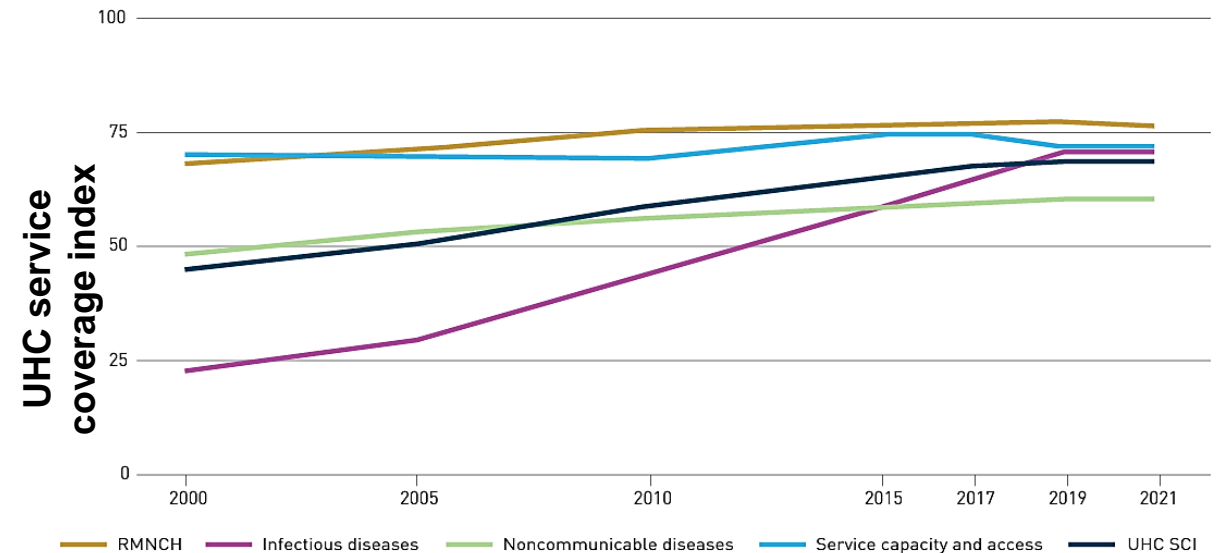
Notes: HTM (HIV, TB, and malaria); NCDs (Noncommunicable diseases); PLHIV (people living with HIV); PHC (primary health care); DALYs (disability-adjusted life years); LICs (low-income countries); MICs (middle-income countries); NTD (neglected tropical diseases); STI (sexually transmitted infection)

Sources: Baker 2021; Li 2022; Ryan 2019; WHO NCDs Key Facts; WHO Global Cholera Situation; Deeks 2013; Figure from Global Fund analysis using data from IHME 2019 Global Burden of Diseases Study

Systems for health have strengthened in line with UHC aims, but more work is needed to meet SDG UHC goals

- The world is off track to meet SDG 3.8 UHC target.
- Improvements to health services coverage stagnated 2015-2021, while the % populations that faced catastrophic levels of out of pocket (OOP) health spending has increased.
- Ongoing efforts by countries, the Global Fund (through GC7 and C19RM) and its partners are critical to:
 - Strengthen systems integration aimed at addressing HIV, TB, and malaria holistically with related health needs
 - Build systems maturity and sustainability, including for digital HMIS, surveillance, supply chain, labs, community systems, HRH
 - Support sustainable health financing schemes that reduce costs to individuals (e.g., social health insurance)
 - Ensure health coverage is truly universal for those most vulnerable and marginalized communities.

Service coverage for infectious diseases increased dramatically until recently, where flatlining is attributable in part to overall stagnation across indicators coupled with severe impact of COVID-19 on TB treatment coverage

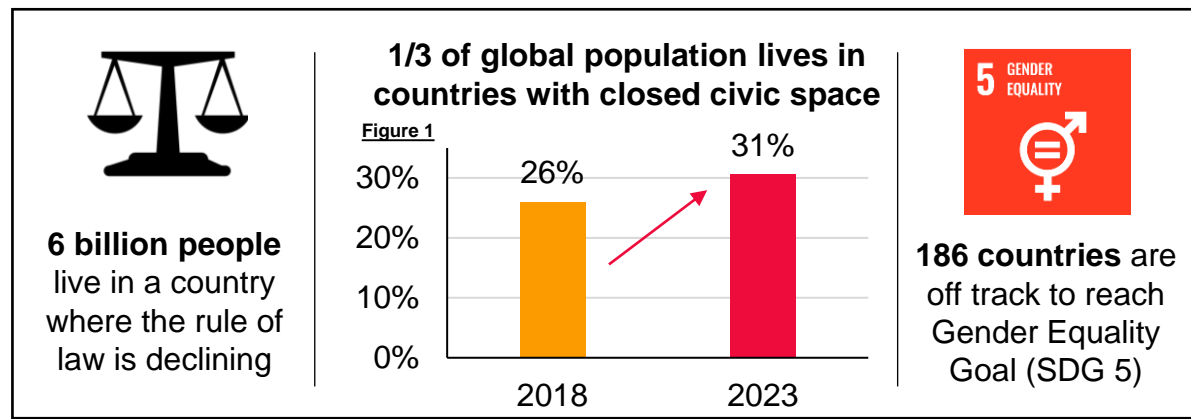


Note: Black line indicates composite index, UHC SCI (SDG 3.8.1); RMNCH, reproductive, maternal, newborn, and child health.

Source: WHO global service coverage database, May 2023 (1).

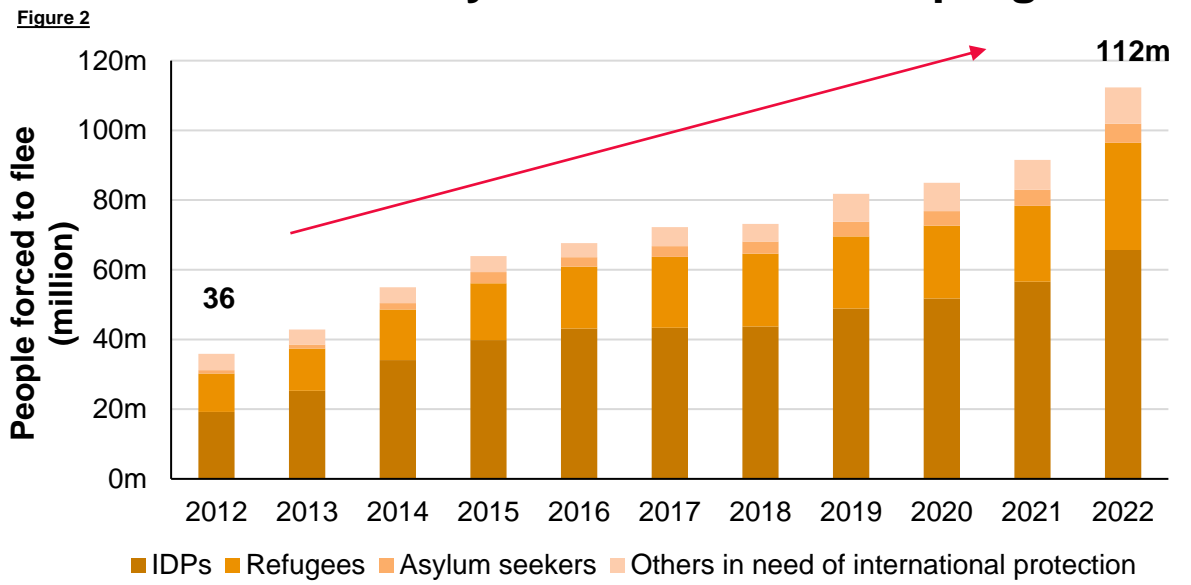
The world is becoming less stable and safe for the most marginalized and vulnerable

Regressive movements against human rights and gender equality are **gaining ground globally**, evidenced by policies and actions, while **civic freedoms and space** for civil society are **diminishing**.



- **Human rights, gender equality, equity, and community engagement** are crucial for effective and sustainable health programs.
- **Considering changes in these dynamics is essential for sustainable solutions**, especially to ensure access for communities most affected by the three diseases.

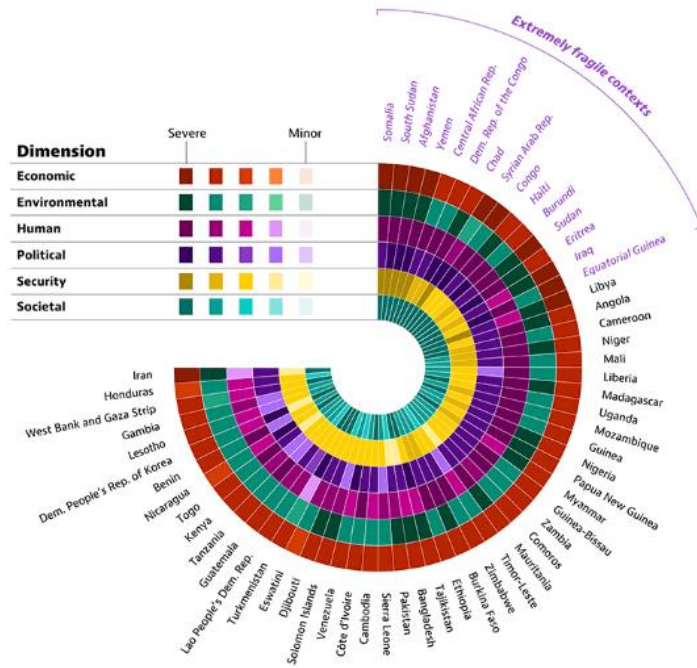
As conflict is rising, the number of new internal displacements and people forced to flee across borders is **also rising**, putting **increased strain on stretched health systems and disease programs**



- More than **1 in every 74 people on Earth has been forced to flee** in 2022.
- **75% of displaced people and 86% of people in need of humanitarian aid** are concentrated in 20 countries.

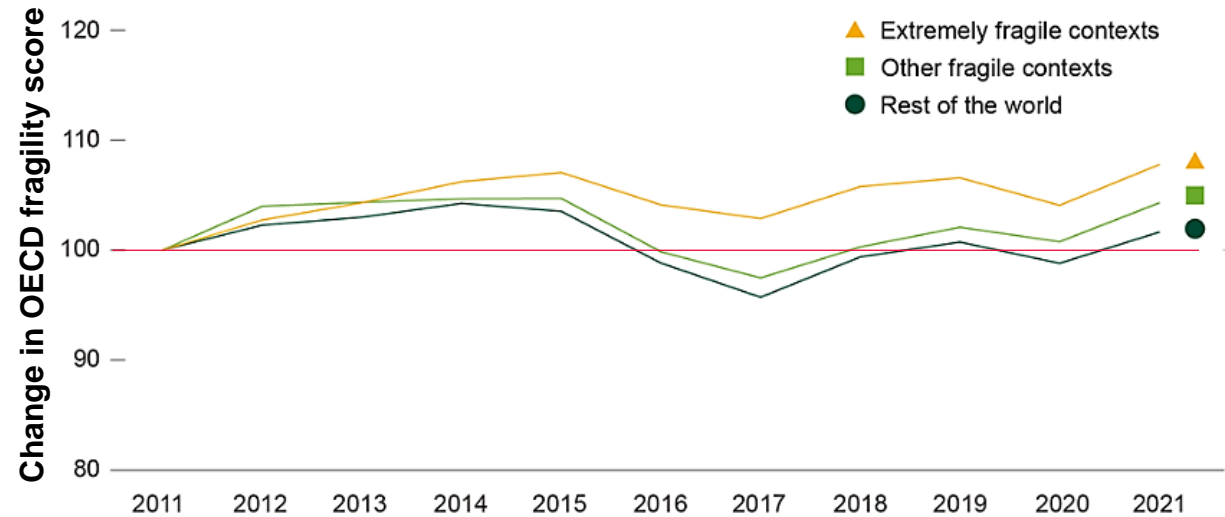
Increasing fragility, particularly affecting those facing extreme poverty

Fragility is driven by economic, environmental, human, political, security, and societal factors.



- **Multiple, concurrent crises** are disproportionately affecting countries globally, including the lasting effects of COVID-19, numerous conflicts, and climate change.

Fragility is increasing



- In 2022, **fragile contexts** affected a **quarter (24%)** of the world's **population**, but affected three-quarters (73%) of people living in extreme poverty worldwide. By 2030, the latter share is projected to increase to 86% of the world's extreme poor.
- **14 of 15 countries** classified by OECD as **extremely fragile contexts** are **Global Fund COE countries**.
- While **COEs** account for **~16%** of the **global population**, they are **origin countries of 87%** of the refugees and asylum seekers and account for **41%** of **internally displaced persons** worldwide.

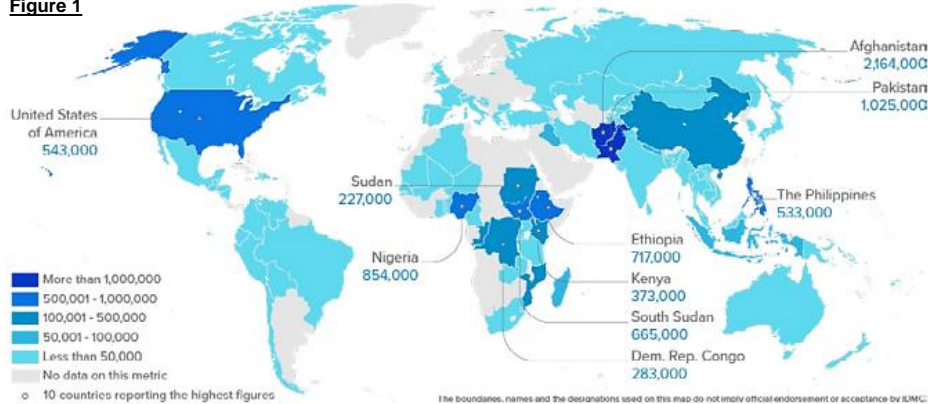
Notes: COE (challenging operating environment)

Sources: Global Fund COE Policy; OECD States of Fragility 2022; UNHCR; UNFPA

Climate change, demographic shifts and drug resistance increase HTM program and system needs and require agility

- **Climate disasters** in developing and conflict-affected areas are **escalating internal displacement, impeding recovery, and disrupting access** to essential health services for HIV, TB, and malaria.
- **Shifting geographic locations and length of transmission seasons** for climate sensitive diseases such as **malaria** will complicate elimination efforts.

Figure 1



8.7 million

Internally displaced people as a result of disasters in 88 countries and territories as of 31 December 2022

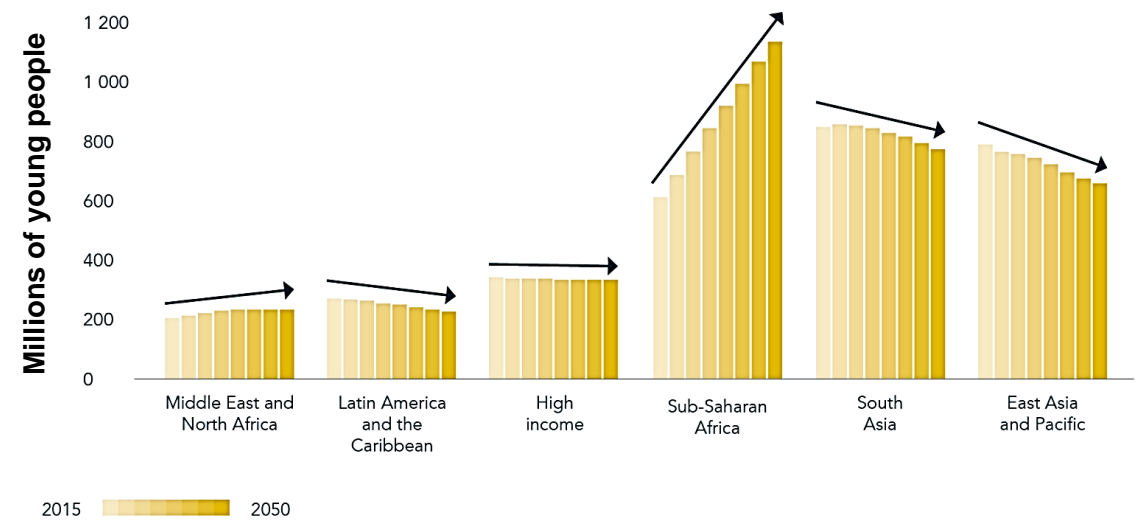
45%

Increase in the number of people internally displaced by disasters since 2021

Climate change will put **stress on health systems and HIV, TB, and malaria programs**, necessitating investment in **resilience** to continue to meet community needs.

By 2050, one-third of young people will be in Sub-Saharan Africa, increasing by 522 million while the rest of the world declines by 220 million.

Figure 2



- **Drug resistance** remains a threat to HTM progress.
- **Other biological threats** such as insecticide resistance and parasite adaptation to evade diagnostics are an increasing malaria program threat.
- **New tools, where they exist, drive up program costs**, putting further pressure on stretched programs.

Note: Country groups follow World Bank classification; young people defined as population age 0-24 years old.

Sources: Ryan 2020; Brookings 2019; Goldberg 2012; Figure 1) [Global Report on Internal Displacement 2023](#); 2) [World Bank 2021](#)

The world's poor increasingly live in low-income countries (again)

- Most of the world's poor lived in low-income countries when Global Fund was created in 2002.
- For the past decade, most of the world's poor lived in middle-income countries, driven by evolution in country income classification (e.g., India).
- However, by the end of this decade the majority of the world's poor will again reside in a low-income country, driven by low growth, conflict, fragility, and rapid population growth.

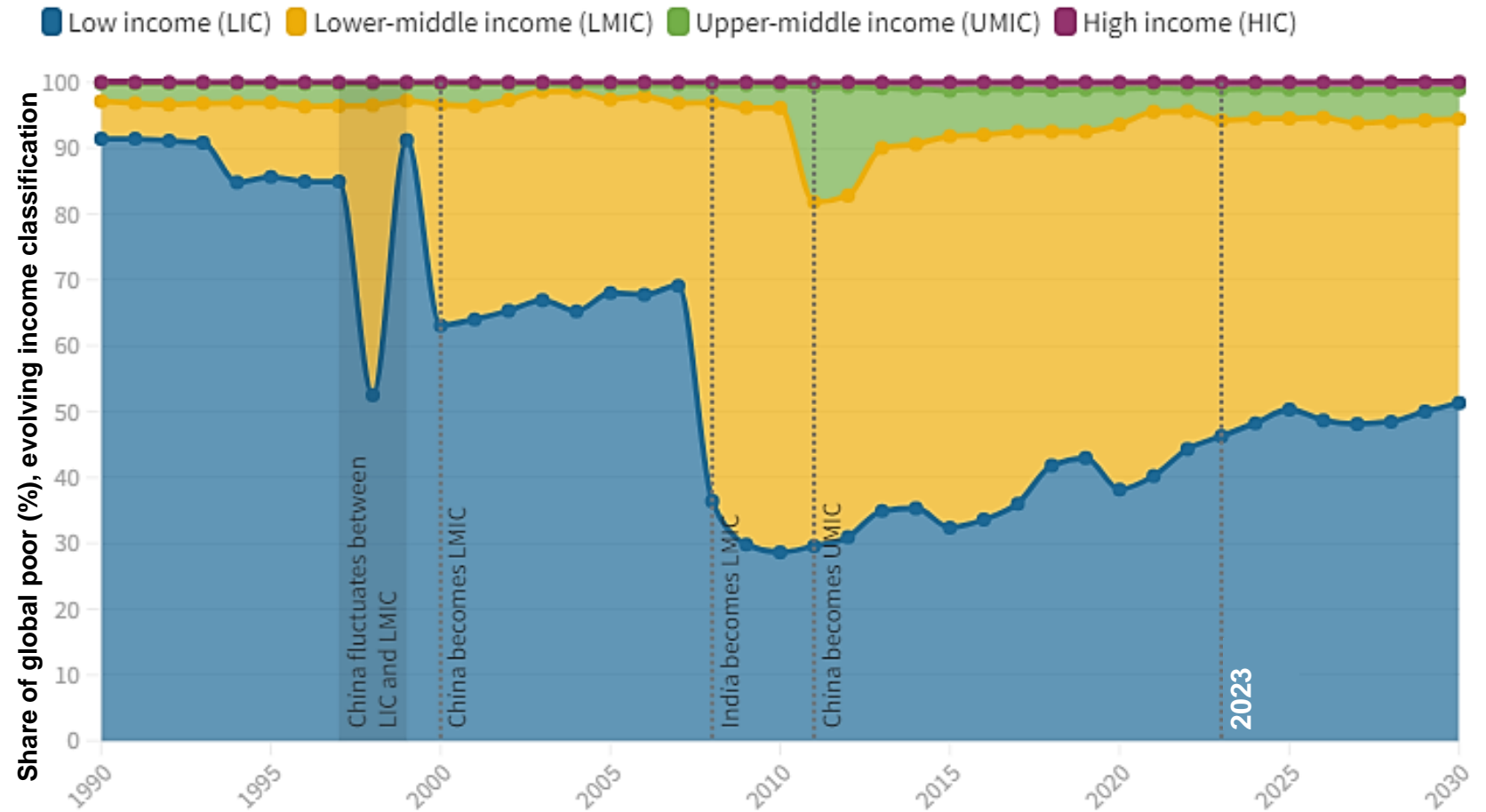
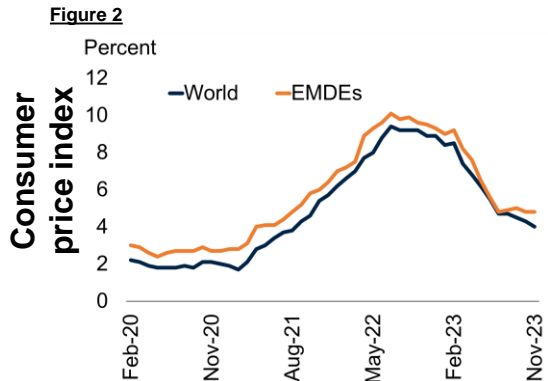
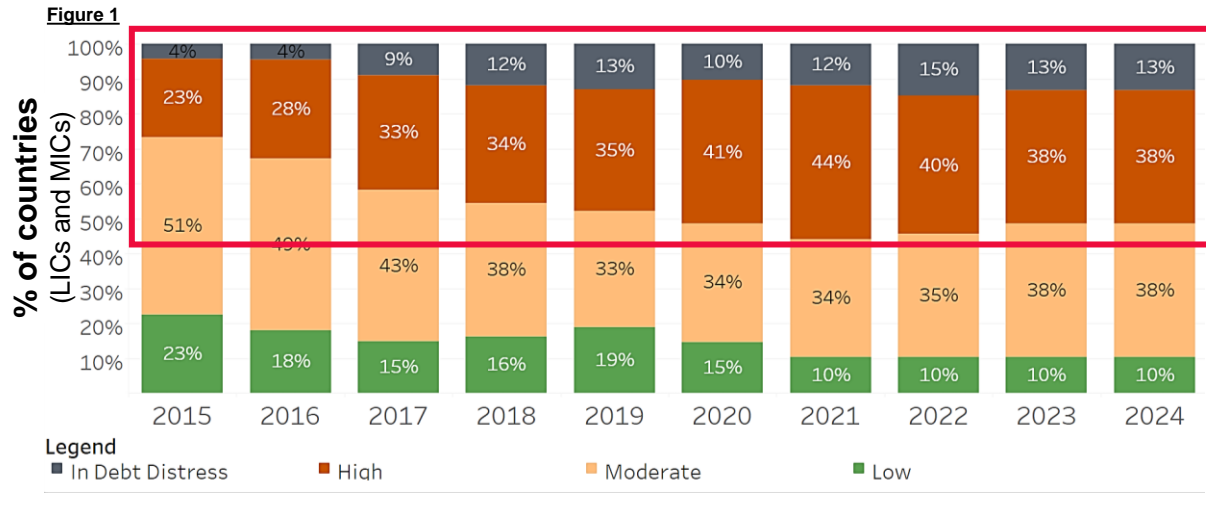


Figure notes: The figure shows the share of the global extreme poor (measured at the international poverty line of \$2.15 per person per day) by country income group – actual through 2023, projected through 2030. The ‘evolving’ income group classification changes from year to year. Classifications refer to fiscal years (FY) and are here matched to the year of their release. For example, the FY23 classification, released in July 2022, is here tied to 2022.

As the world's poor further concentrate in countries least able to pay for services, continued progress towards ending AIDS, TB, and malaria relies on sustained focus, investment and efficiency

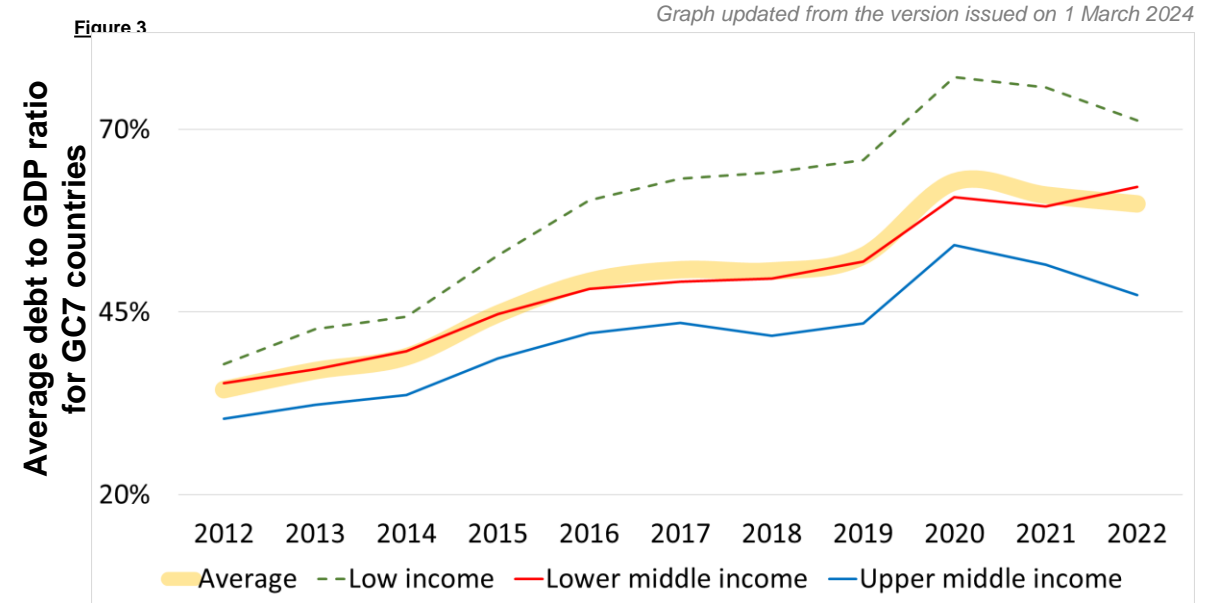
Domestic financing for health: shrinking fiscal space due to debt, interest rates and inflation

The proportion of LICs & MICs experiencing or at a high risk of debt distress has doubled over the past decade.



Many governments' purchasing power has decreased, driven by almost two years of sustained consumer price inflation and related increased interest rates on debt.

Debt burden in Global Fund-eligible countries rose by 70% over the past decade.

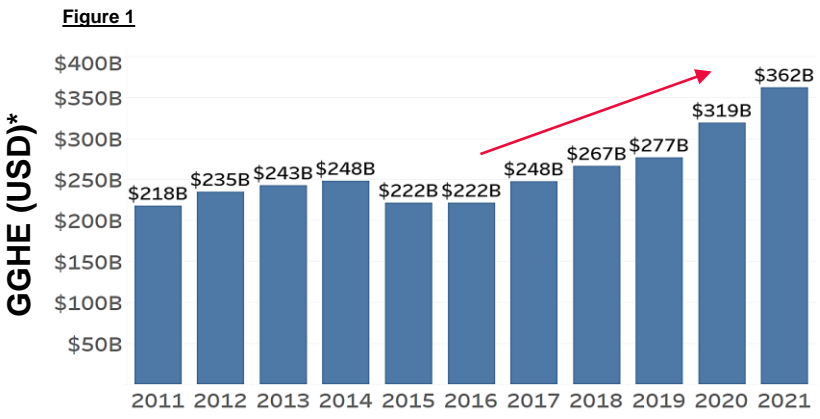


- On average, LICs carry higher debt than LMICs and UMICs. LMICs' average debt burden did not start to fall in 2020, unlike other income groups.
- Shrinking fiscal space limits scale-up of domestic financing for HIV, TB, and malaria programs and RSSH in a number of contexts.

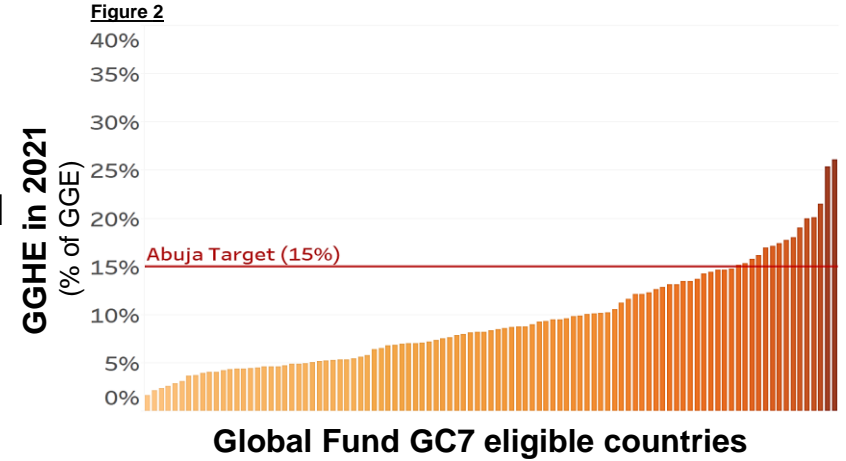
Notes: LICs and MICs (low- and middle-income countries); EMDEs (emerging markets and developing economies, which includes all LICs & MICs except Korea, Somalia, Cuba, Turkmenistan, & Venezuela and select HICs, including The Bahamas, Bahrain, Barbados, Chile, Croatia, Guyana, Kuwait, Nauru, Oman, Panama, Poland, Qatar, Romania, Saudi Arabia, Seychelles, UAE, & Uruguay); Figure 3 includes all Global Fund Grant Cycle 7 eligible countries, excluding Afghanistan, Belarus, Cambodia, Congo, Cuba, Ecuador, Egypt, Eswatini, Ethiopia, Georgia, Mauritius, Philippines; **Sources:** Figure 1) [IFAD](#); 2) [World Bank Global Economic Prospects Jan 2024](#); 3) [IMF World Economic Outlook Oct 2023](#)

While there has been growth in health spending, especially among UMICs, there remain large gaps compounded by the effects of COVID-19

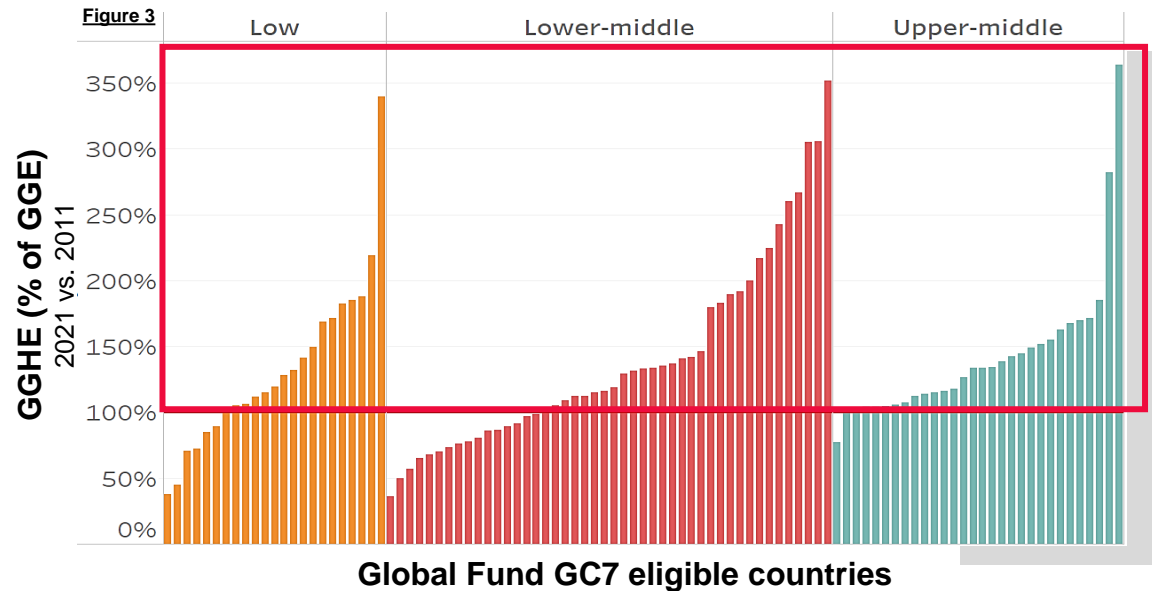
Up to 2021, there had been relatively good growth in government health expenditure in Global Fund-eligible countries.



Most countries fall below aspirational targets.



In most UMICs, more than half of LMICs, and LICs, government health spending has grown faster than total government spending over the past decade.



However, COVID-19 negatively impacted health spending and many countries (incl. 48 LICs and LMICs) are not expected to return to pre-pandemic levels until 2027 or beyond.**

*Not adjusted for inflation

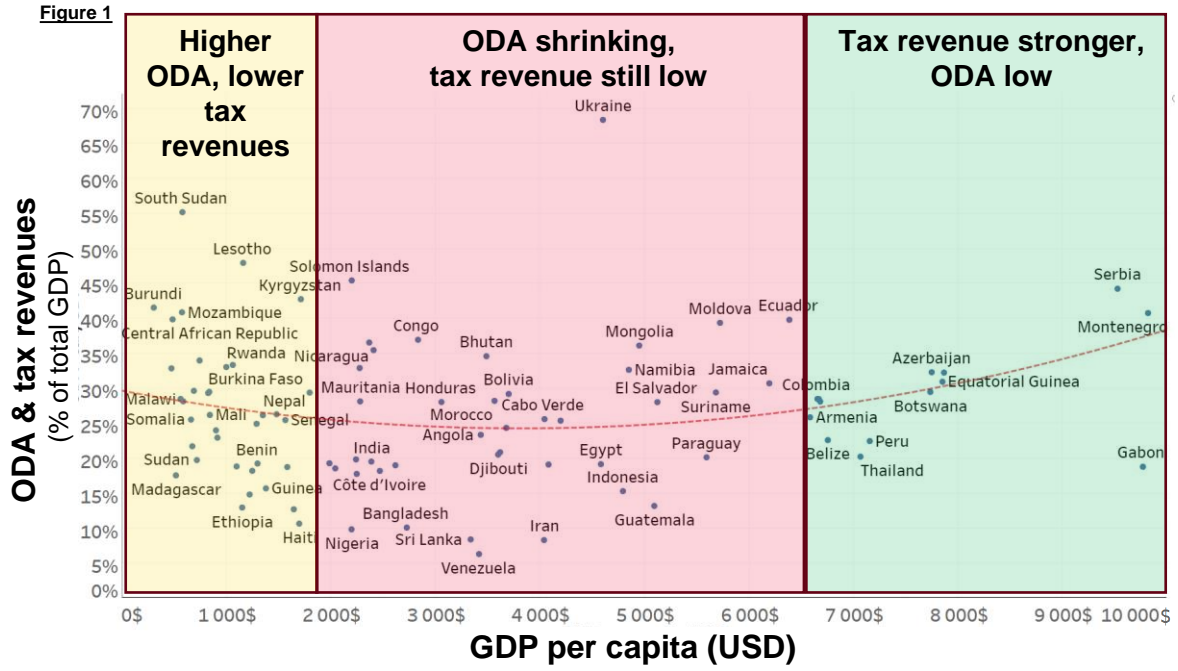
** This includes 48 LICs and LMICs, based on findings from World Bank analysis

Notes: GGHE (general government health expenditure); GGE (general government expenditure); LICs (low-income countries); LMICs (low- and middle-income countries); GC7 (grant cycle 7)

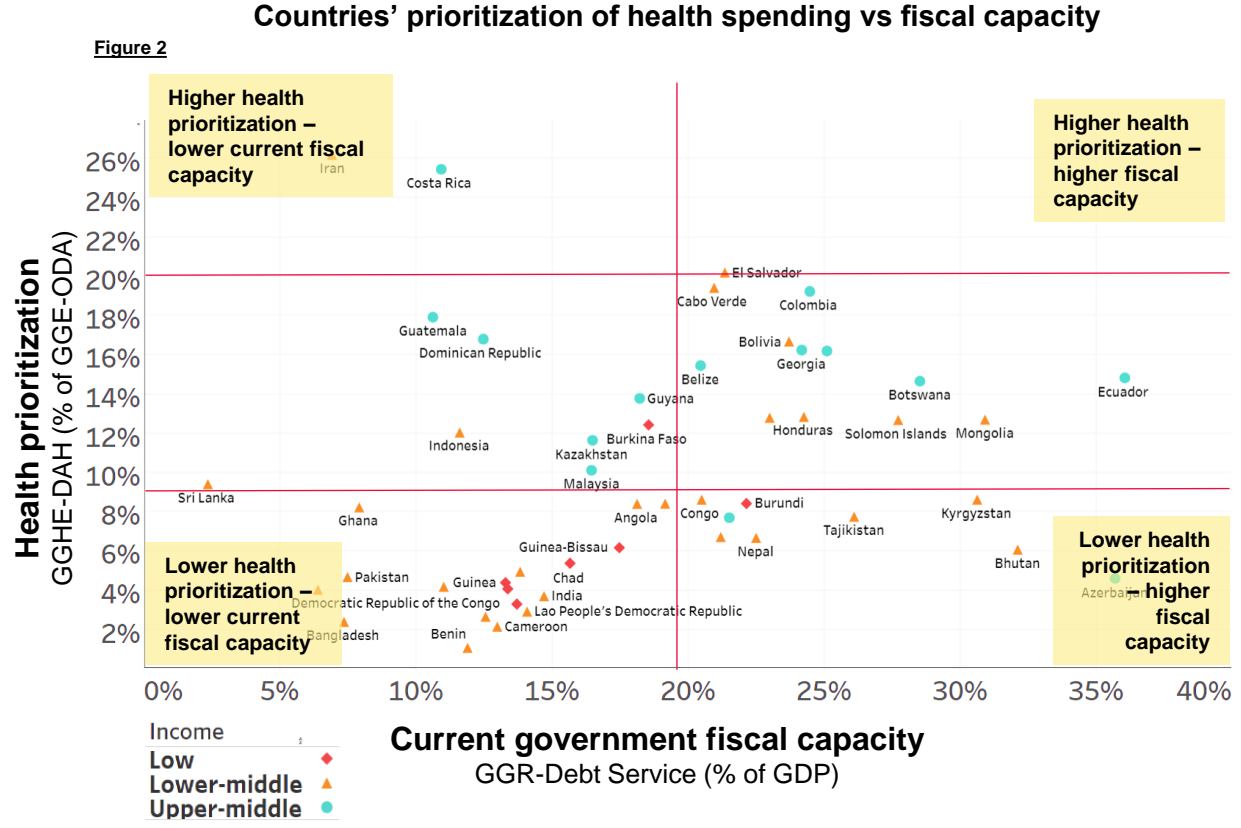
Sources: World Bank; Figure 1) World Health Organization Global Health Expenditure Database; 2) WHO GHED and IMF WEO Oct 2023; 3) WHO GHED and IMF WEO Oct 2023

Updated Development Continuum analysis shows continued fiscal capacity and health prioritization challenges

Across the continuum, there is a 'middle' group of countries where GDP has risen, ODA has declined, but government revenue has not yet caught up resulting in increased OOP spending



There are also countries with lower prioritization of health but higher fiscal capacity (bottom right below) – important focus of co-financing efforts

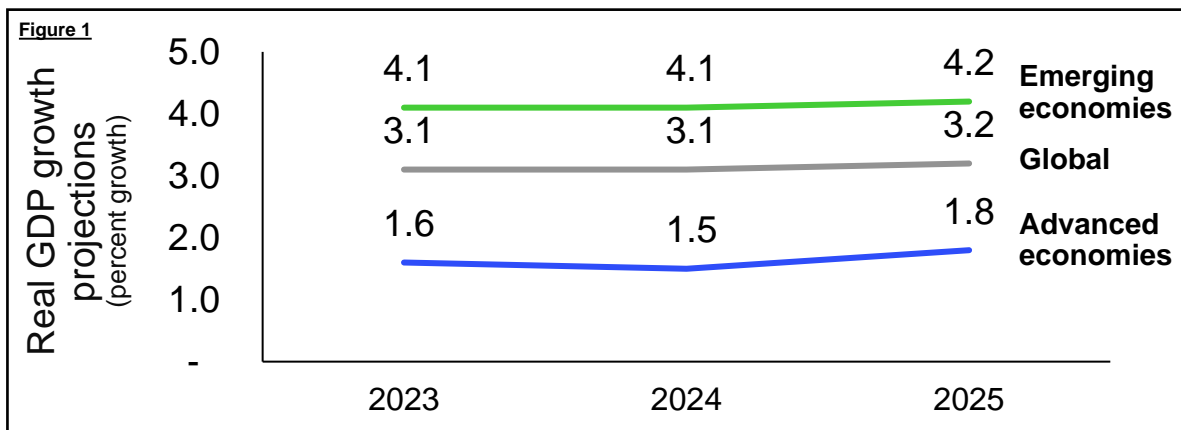


Notes: ODA (overseas development assistance); GDP (gross domestic product); GGHE (general government health expenditure); GGE (general government expenditure); GGR (general government revenue).
Sources: Figures 1 & 2 are updated Global Fund analysis using of Global Fund Grant Cycle 7 eligible countries using data from [IMF 2023](#), [WHO GHED](#), and [OECD](#), previously presented in [Development Continuum Working Group Report 2015](#) and [Equitable Access Initiative Report 2016](#).

Donor landscape to meet these needs: Improving economic outlook but competing donor priorities

Cautious optimism for global economic outlook

- **Global growth projection has slightly brightened**, due to greater-than-expected resilience in the US and several large emerging market and developing economies, as well as fiscal support in China.
- However, the **forecast** for 2024-25 is still **below historical average** of 3.8 percent (2000–19).



- Inflation is falling faster than expected in most regions - expected to fall to 5.8% in 2024 and to 4.4% in 2025.

ODA peaked in 2022, but prioritized for conflicts

- Overall, **ODA reached an all-time high** of US \$218bn in 2022, increasing 17% from 2021.
- Although significant, the increase can be mostly attributed to increase in in-donor refugee costs (US \$32bn), and significant increase in ODA to Ukraine (US\$ 18bn).

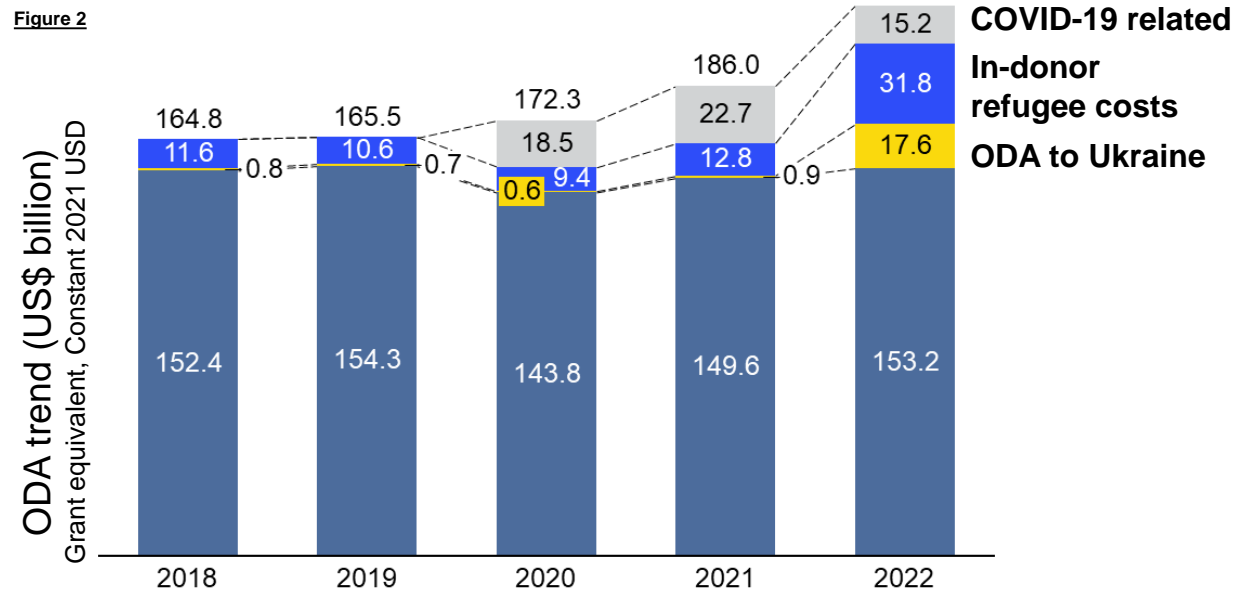


Figure notes: Grant equivalent, 2021 constant USD data from [OECD data portal](#) as of 22 Jan 2024. ODA to Ukraine is disbursement data for Development Assistance Committee (DAC) countries only (excluding EU institutions and multilaterals) from [Graph 6](#); COVID-19 estimated from [Graph 15](#).

HTM remain important health priorities, but there are many competing health needs

- **DAH has increased over time**, including sharp increases for COVID-19.
- **DAH decreased significantly for the first time in 2022**, mostly due to the decrease in COVID-19 related funding.
- Excluding COVID-19, **DAH has been stable** at ~US\$40-45 billion per year.
- **HIV, TB, and malaria** remain relatively **stable** donor DAH priorities
- **Critical not to take foot off pedal** to avoid HTM disease rebounds, reverse critical systems strengthening progress and gains in improving equity, human rights and gender equality.

Development Assistance for Health (DAH) by Focus Area

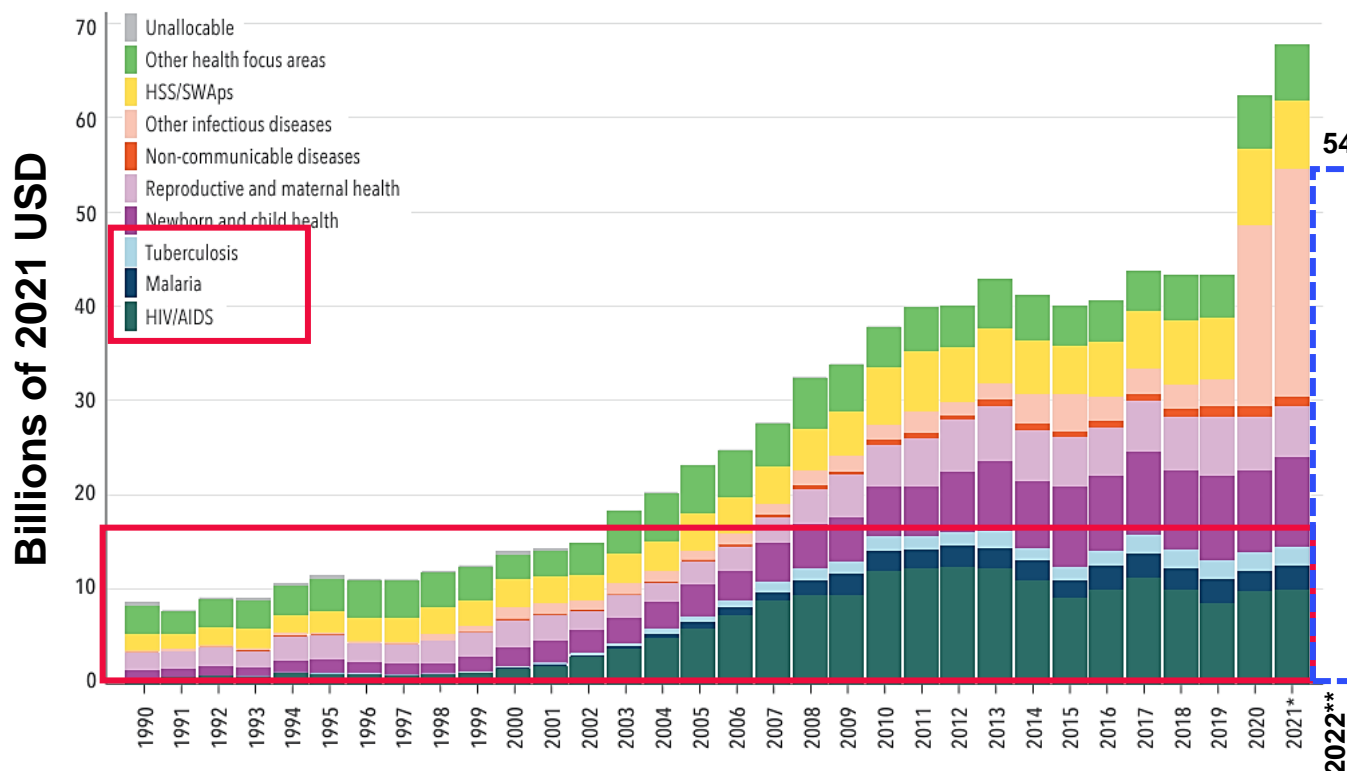


Figure notes: “Other health areas” captures DAH for which we have health focus area information but which is not identified as being allocated to any of the health focus areas listed. Health assistance for which we have no health focus area information is designated as “Unallocable.”

*2021 estimates are preliminary as of IHME Financing Global Health 2021 report publication

**2022 estimates are preliminary from IHME DAH database as of January 2024



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Sustainability challenges of today and Global Fund levers to respond

19	Sustainability definition and illustrative framework of challenges
20	Sustainability levers
21-31	Overview of key levers, including Eligibility, Allocation, STC policies, NextGen Market Shaping, and One Plan-Budget-Report

Sustainability challenges differ widely across the Global Fund's portfolio, with some commonalities

Sustainability definition*

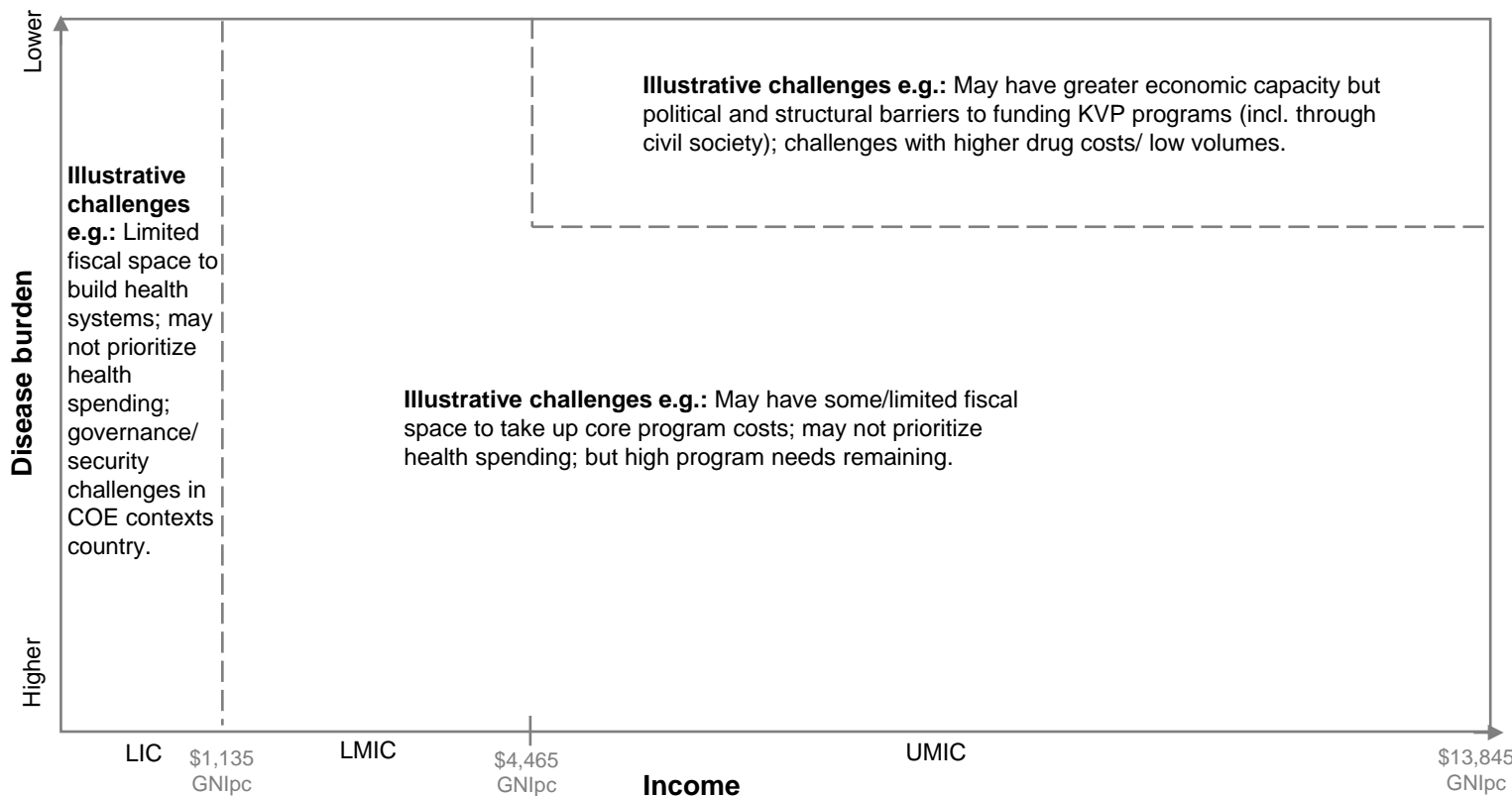
The ability of a health program or country to both maintain and scale up service coverage to a level, in line with epidemiological context, that will provide for continuing control of a public health problem and support efforts for elimination of the three diseases, even after the removal of external funding by the Global Fund and other major external donors.

In practice, there are number of key factors that influence sustainability, which differ on a country-by-country basis - each requiring country-tailored responses.

These factors include:

- Stage of HTM epidemic control
- Coverage of key services
- Enabling rights environment and civic space
- Health systems development and capacity
- Level of UHC attainment
- Country and health system governance
- Government prioritization of health
- Government fiscal capacity, effectiveness in raising revenues for health, debt spending, efficiency of health spend
- Policy barriers (e.g., adoption of key WHO policies & recommendations; procurement system regulations; decentralization)
- Dependency on other key funders, and their sustainability actions (e.g., PEPFAR sustainability focus)

Illustrative groupings of sustainability challenges across the Global Fund's portfolio



*From Global Fund [Sustainability, Transition, and Co-financing \(STC\) Policy](#). Notes on illustrative groupings graph: Dotted lines are illustrative divisions between country groupings, and in practice, sustainability challenges are more nuanced over burden/income spectrums; GNIpc is noted to be an imperfect measure of countries' economic ability, willingness and the equity with which resources could be mobilized and used to address populations' health needs.

Global Fund's sustainability levers

Illustrative levers for operationalizing sustainability include:

Strategy & policy

- **Strategy** articulates the partnership's goals and objectives aimed at sustainably ending AIDS, TB, & malaria
- **Key policies** including STC Policy (incl. co-financing requirements), Eligibility Policy, COE Policy, Allocation Methodology, and Qualitative Adjustments
- **Frameworks** such as NextGen Market Shaping

Grant design, review, approval, & implementation

- **Grant lifecycle tools & processes:** including application materials, country dialogue, TRP review, IEP/ ELO findings
- **Equity, human rights, and gender equality:** focus on barriers to access/ retention in services; social contracting; enabling environment.
- **Health Financing:** resource mobilization advocacy, co-financing commitments, blended/joint finance, Debt2Health, One Plan-Budget-Report support, VfM framework; sustainability/ transition planning.
- **Systems for health integration:** funding behind national health/ UHC schemes (+ HTM integration); HRH strategic planning and reforms.
- **Market shaping and regional capacity building:** focus on innovation, supply security and sustainable procurement supply chains; promote regional manufacturing and procurement capacity building, leveraging PPM access with domestic resources.

Partnerships

- **Leveraging the influence** of all players in the partnership at global, regional and national levels (e.g., through CCMs), including communities, development partners (incl. Gavi, PEPFAR etc.), implementer governments, private sector, technical partners and more.

Governance oversight

- **Board/ Committee engagement** through discussion on sustainability, review of relevant policies, KPIs (e.g., KPI R1A: Domestic Financing)

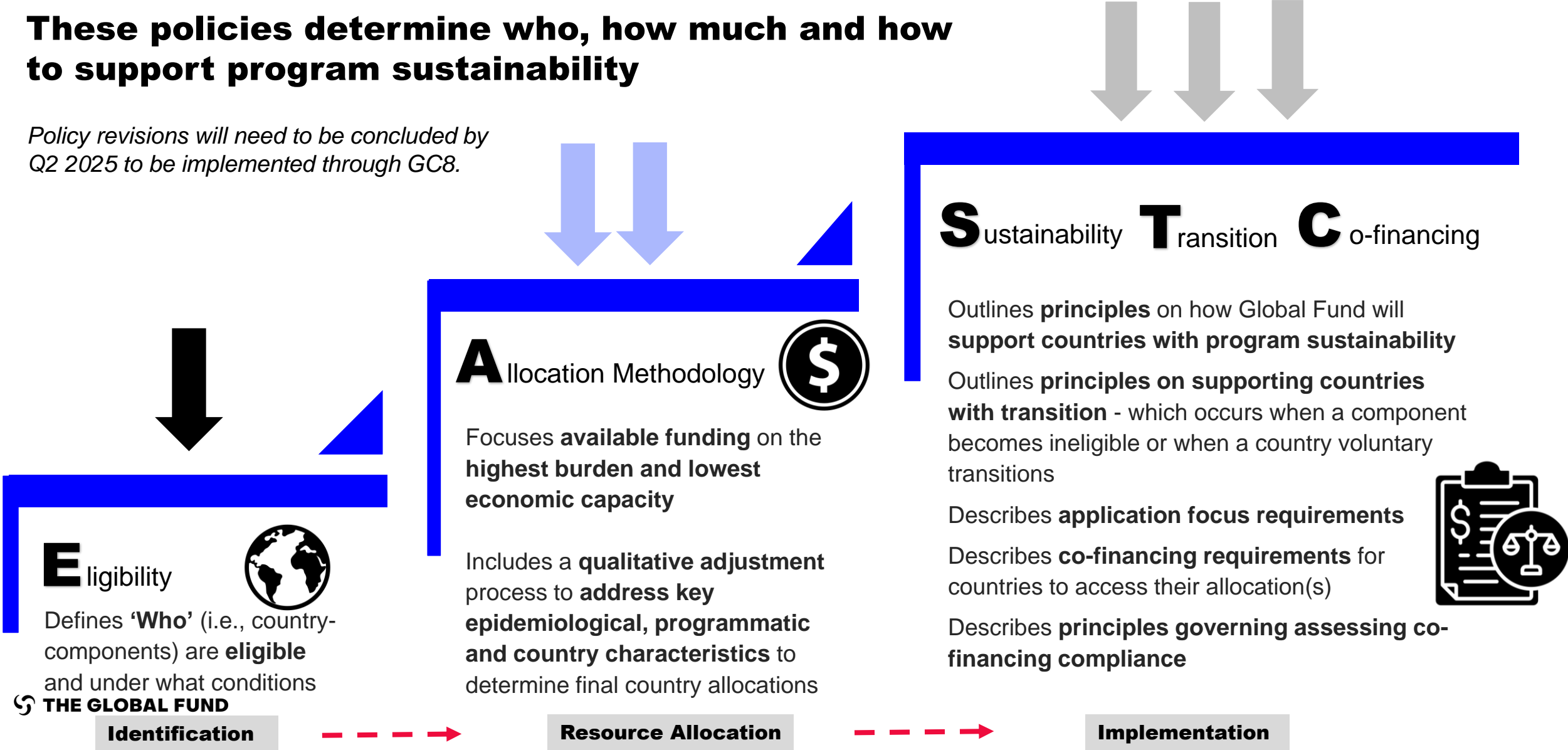
Note: Theory of Change "levers" are key aspects of Global Fund's model that can be used and adapted to drive and shape investments and progress in key areas of the Strategy; STC (sustainability, transition, & co-financing); COE (challenging operating environment); TRP (Technical Review Panel); IEP (Independent Evaluation Panel); ELO (Evaluation & Learning Office); HTM (HIV, TB, malaria); UHC (universal health coverage); HRH (human resources for health); ICC (Inter-agency Coordinating Committee); VfM (value for money)

Sources: Global Fund STC Policy; Global Fund Eligibility Policy; Global Fund Allocation Methodology; Global Fund COE Policy; Global Fund ASP Policy; Global Fund VfM Technical Brief; GF/SC18/03

The scope of policy revisions needed will be determined by the focus of the Global Fund's future sustainability efforts

These policies determine who, how much and how to support program sustainability

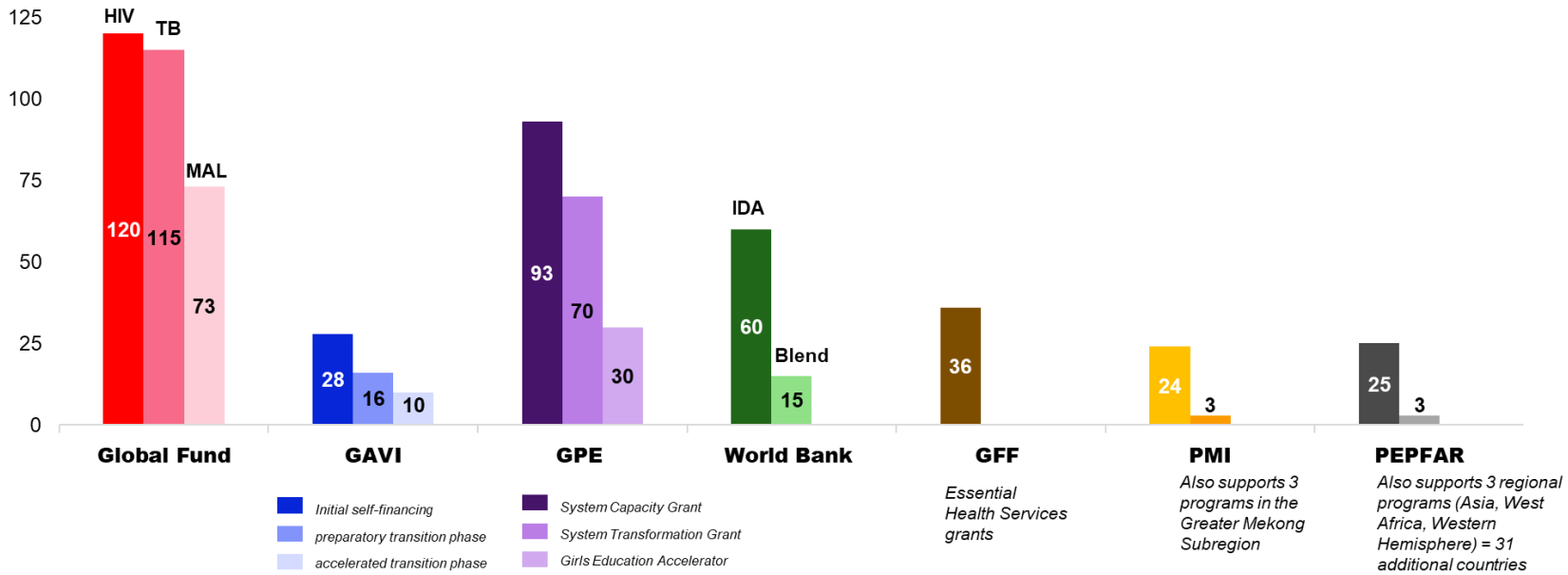
Policy revisions will need to be concluded by Q2 2025 to be implemented through GC8.



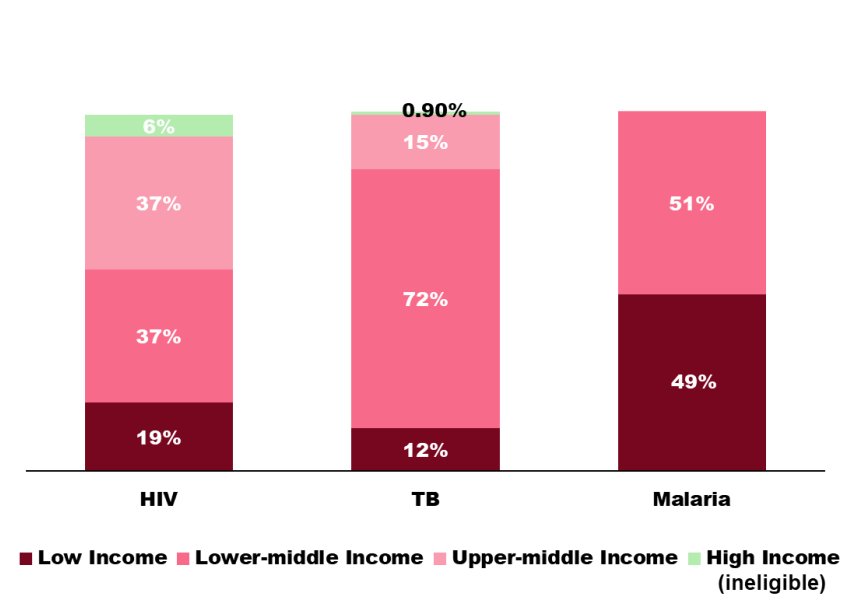
Global Fund has wider eligibility vs. peer organizations, with HTM burden distributed more broadly across income levels

- HIV & TB burden is concentrated in MICs, while malaria burden is concentrated in LICs and LMICs
- Global Fund eligibility covers over 90% of HTM burden

Number of eligible countries by development financier



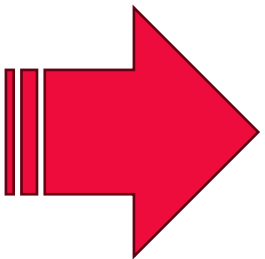
Distribution of HTM burden by income level



Sources:
 2023 Eligibility List, countries eligible for transition funding in 2023 considered as eligible for this exercise.
 Disease burden: HIV # PLWHA, UNAIDS data (2022); TB incidence, WHO data (2022); malaria incidence, WHO data (2022);
 Note: these are not the same indicators used for the allocation methodology or for determining UMI eligibility. Eligibility does not guarantee an allocation.

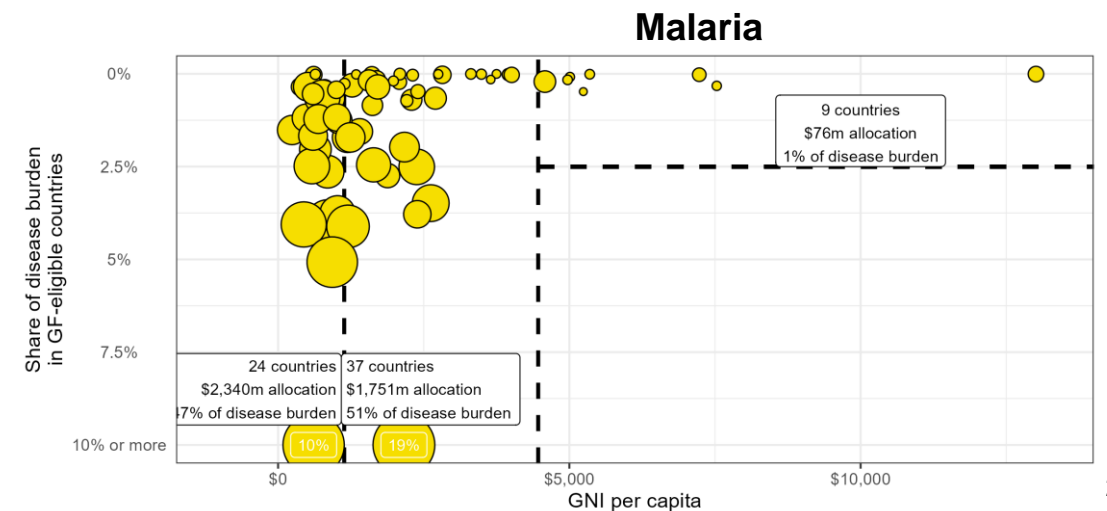
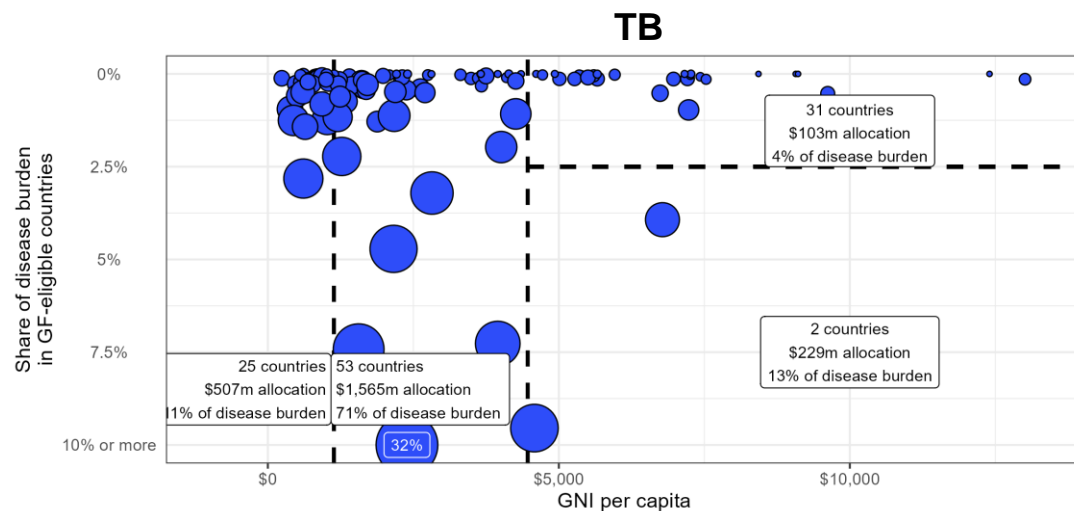
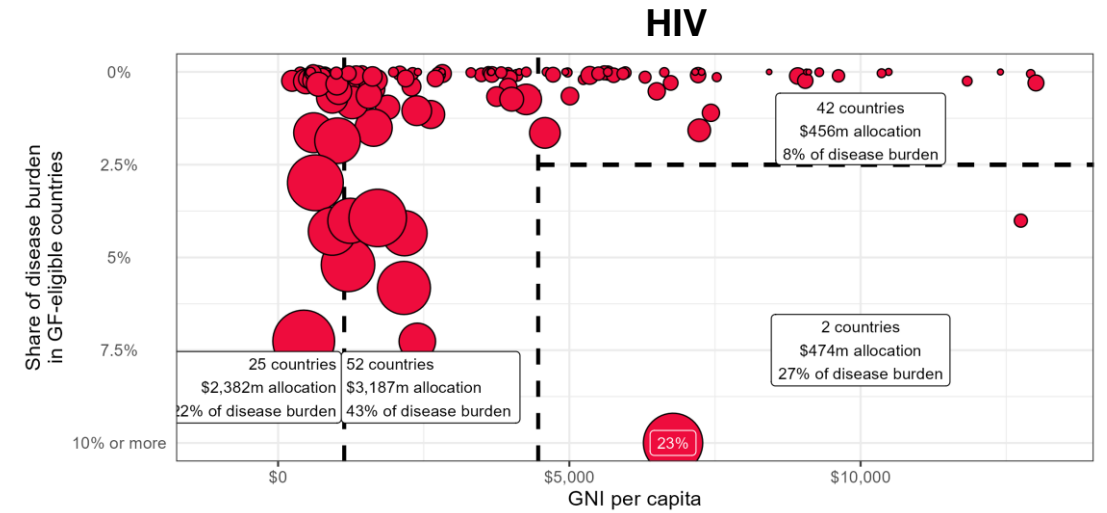
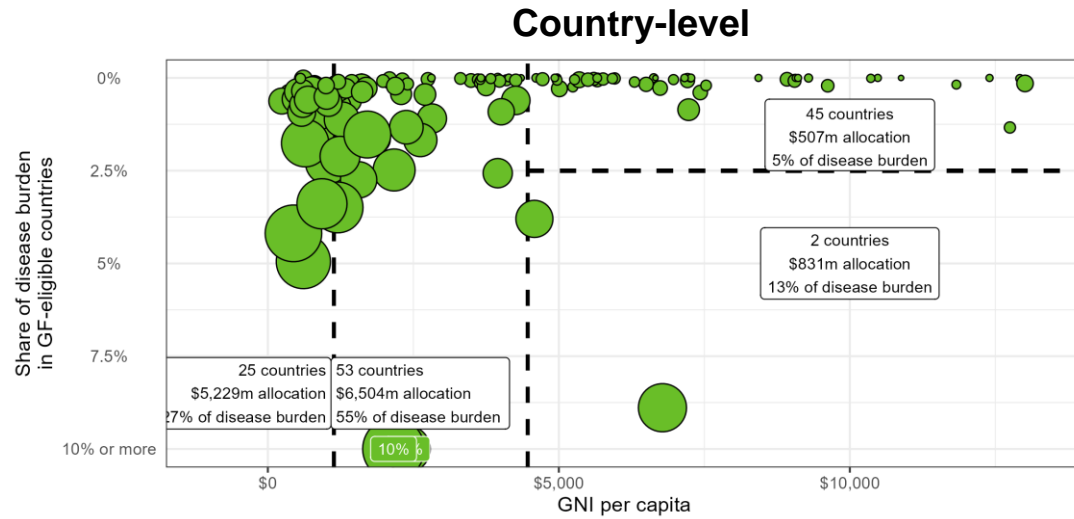
SC will consider relevant updates to the Eligibility Policy as it holistically considers sustainability

- **Current policy is expansive** – 126 countries eligible for at least one disease component
 - 87 countries projected to remain eligible through 2040¹
- Policy allows for Transition Funding once a component becomes ineligible (unless move is to high income)
- Last review 2021/2022 – reviewed in depth the use of GNI p.c. as a primary determinant of eligibility (external review conducted), **resulted in no change in the use of GNI p.c. and in minor revisions to malaria burden metrics and UMI small economy exception**
- **GC8 review:** UMI disease burden metrics could be reviewed together with allocation methodology burden indicators to ensure that they are still fit for purpose
 - A review could be undertaken but would be with view of **limiting** eligibility, noting the current expansive coverage
 - Limiting eligibility - e.g., for UMIs – would not save significant funding as, with the exception of 1 outlier, as these are small focused allocations
 - Changes to limit eligibility would require more than one cycle to ensure responsible transitions for larger cohort of UMIs and could reduce Global Fund influence in these contexts



Global Fund allocations drive funding to countries with the highest disease burden and lowest economic capacity

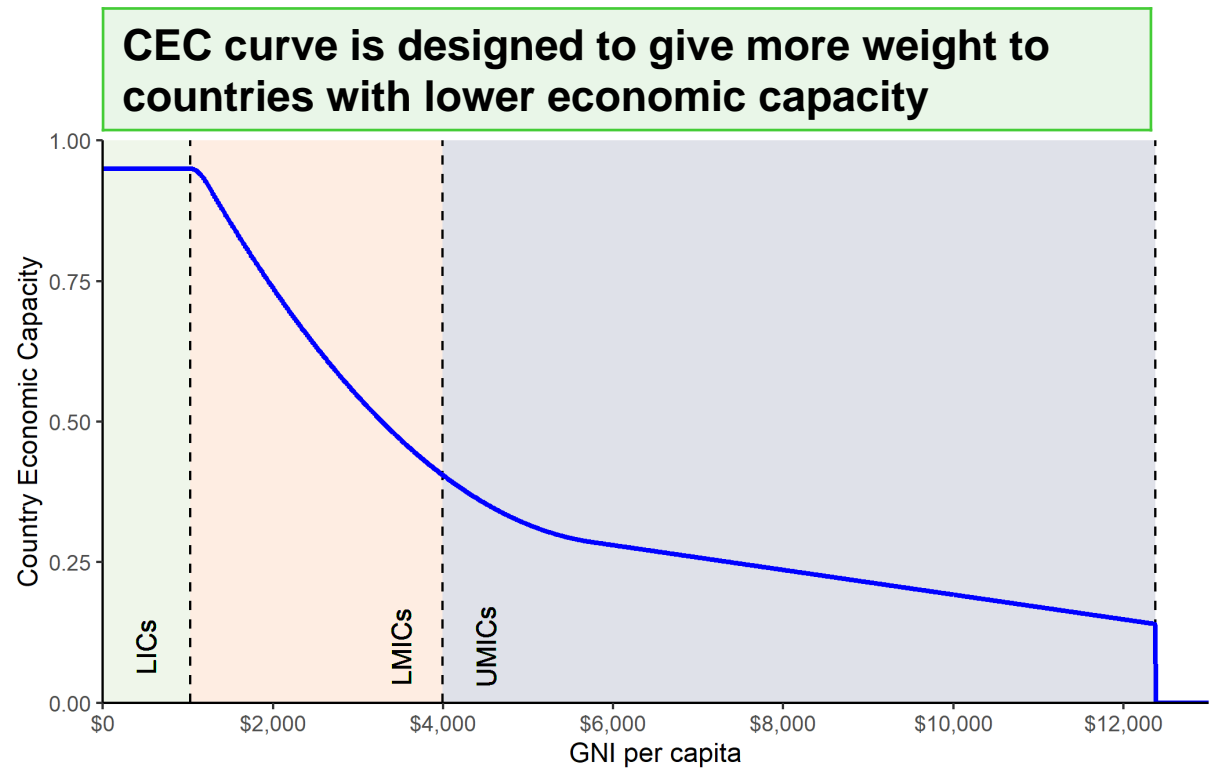
Global Fund 2023-2025 allocations by illustrative disease burden and income level groupings



Sources: GNI per capita, World Bank 2022; Bubble size is communicated allocation from Grant Cycle 7

Allocation Methodology Review already underway and considers sustainability

- The Allocation Methodology is approved before Replenishment so must be **robust in all funding scenarios**, including lower funding.
- **Allocations already drive more funding to lower income countries** through the country economic capacity (CEC) curve. CEC curve will be reviewed to see if a further shift is warranted.
- To prepare for lower funding scenarios, **more targeted approaches will also be considered** – e.g. allocation reductions for MICs with strong sustainability plans, capacity and commitment – with trade-offs carefully considered.
- **Important sustainability challenges on RSSH** investments in GC8, with C19RM funding ending in December 2025.
- Catalytic investments for GC8 – **an opportunity to sharpen focus** to address current challenges and enable sufficient funding for country allocations.



Global Fund's Approach to Sustainability & Transition

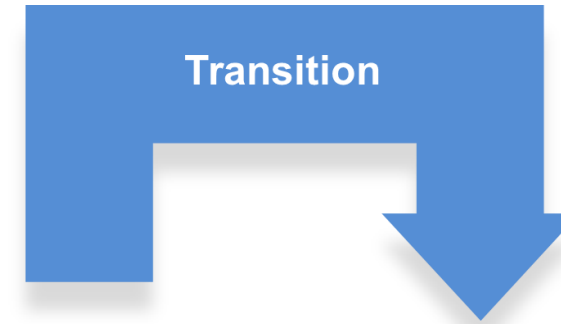
The STC policy commits the Global Fund to supporting and strengthening...

- ...**robust, inclusive, quality** national health strategies, health financing strategies and NSPs
- ...**implementation** through country systems to build RSSH
- ...**a focus on key populations and structural barriers** to health
- ...countries to identify **efficiencies & optimize** disease response



- It encourages **additional domestic investments** & applies graduated co-financing and application focus requirements
- And joint **advocacy with partners** for programmatic & financial changes.

The policy sets out clear objectives on transition and commits the Global Fund to support



11

country components have fully transitioned since implementation of policy¹

- ...**transition readiness** (programmatic & financial) and robust planning, esp. UMI and lower-burden MICs
- ... countries to undertake an **inclusive, multi-stakeholder transition readiness assessment**
- ... development of **transition workplan** to address key bottlenecks and leverage opportunities
- ...**one allocation of transition funding** upon becoming ineligible*
- And yearly **transition projections** (based solely on projected income classification changes over 8-yr period) to support advance planning & predictability

Note: ¹ This figure does not include those components which transitioned during the Rounds or following GC4, as the STC policy was approved in April 2016 and first implemented in GC5. Additional components have received transition funding but became newly eligible and received a subsequent allocation so not included in this figure. The 6 components which received an exceptional additional allocation of Transition Funding for GC7 ([GF/B47/DP04](#)) are also not included here.

Co-financing: a focus for improved implementation through GC7

Areas of focus for co-financing improvement ([GF/B50/13](#)):

Co-financing governance, incl. data

- ✓ Updated operational guidance on Co-Financing for GC7, including clarifying approach to assessing compliance and minimum data req's ★
- ✓ Updated Commitment Letter and Funding Landscape Table templates for GC7
- ✓ Increased tracking of the GMFRF
- ➔ Improved Health Finance data platform ★
- ➔ Introduction of co-financing monitoring tool ★

Incentives & policy visibility

- ✓ Mandatory Commitment Letter for GC7 ★
- ✓ Updated, more demanding co-Financing KPI, including a co-financing risk KPI
- ✓ Updated Risk IRM tool to include standalone Co-financing and Sustainability risks ★
- ✓ Comprehensive standard co-financing language in grant confirmations for GC7 ★
- ➔ Performance & Accountability metrics for HFD

Enaction of policy

- ✓ Data-driven approach to setting forward-looking co-financing requirements for GC7 driving both consistency and tailoring ★
- ➔ Rigorous review and reset of co-financing baselines for many countries for GC7
- ➔ Using built-in flexibilities of the Sustainability, Transition and Co-financing policy

Roles & Responsibilities

- ✓ Interim guidance providing short-medium term clarity on roles of key stakeholders involved in implementation for GC7
- ➔ Expansion of HF capacity in the Secretariat and an explicitly CT-facing service model, including to help CTs with data governance
- ➔ Exploring use of LFAs, as well as other partnerships (e.g., UNAIDS, WHO, GFF), to support co-financing monitoring ★

To support the following outcomes:

- Domestic health finance will continue to represent the **largest share of resources** for impact on HTM. Catalyzing it is core to our Strategy and **sustainability of national programs**
- More targeted use of **programmatic co-financing** to target sustainability bottlenecks
- Greater **accountability and monitorability** of co-financing commitments made by countries
- Better **national capacity to scrutinize** co-financing commitments, including by communities
- Better-informed **strategic conversations** about domestic resource mobilization

★ Critical for co-financing monitoring moving forward

✓ Done

➔ In progress / ongoing

NextGen Market Shaping is driving equitable access to innovations and promoting regional capacity building

Accelerating access to innovations across LICs and MICs improves health outcomes

Interventions aim to accelerate development and deployment of quality health products with improved affordability, availability, and support last-mile delivery. The aim is to make affordable, high-quality health products accessible to those who need them most, regardless of the procurement channel.

In 2023, market shaping efforts by Global Fund and partners secured:



First-line ART TLD to **below \$45 per person per year**



20% price reduction for GeneXpert TB cartridges, and improved care for equipment service and maintenance



Lower pricing **for more effective Dual AI nets**, and increased production capacity

Regional manufacturing and procurement creates more sustainable end-to-end value chains

Regionalization of procurement and manufacturing **shortens supply chains and supports local economies**, while **enhancing supply chain resilience and fostering innovation** tailored to regional needs.

Key NextGen interventions include:



Supporting regional pooled procurement platforms, leveraging over two-decades of PPM experience



Leveraging Global Fund tenders to incentivize suppliers to meet harmonized QA standards and manufacture close to high volume demand



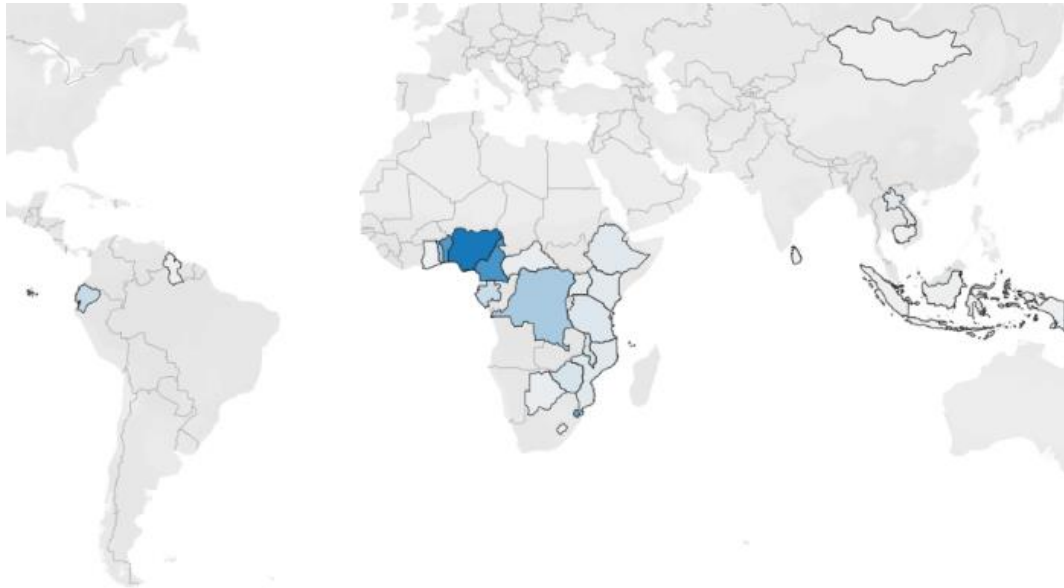
Supporting accelerated product qualification and regional regulatory framework strengthening and harmonization

Market shaping successes, including capacity building for manufacturing and production, drives increased sustainability by ensuring countries have secure, timely access to affordable products that meet local needs. 28

Notes: LIC (low-income countries); MIC (middle-income countries); ART (antiretroviral treatment); TLD (tenofovir, lamivudine, and dolutegravir); PPM (pooled procurement mechanism); QA (quality assurance)

Leveraging Global Fund's Pool Procurement Mechanism for non-grant financed procurement of health products

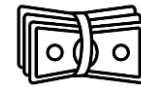
- 1 In 2022 the **Board approved mainstreaming** of non-grant financed health product procurement through Global Fund's PPM / wambo.org platform.
- 2 As of December 2023, **28 countries** have leveraged the mechanism to procure health products worth **~US\$100m**.
- 3 **Most of these procurement transactions are now domestically financed.**



Benefits of leveraging PPM / wambo.org for non-grant procurement



Reliable supply of quality assured health products that are affordable for programs to diagnose, treat and prevent the three diseases



Value for money on health product investments, whether via Global Fund grants or other funding



Approaches to facilitate **continued access** to affordable health products when transitioning from/to partner funding from/to Global Fund grant funding for scale up

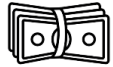
Opportunities for scalability and sustainability

- 1 Leverage PPM/wambo.org to drive partnership engagement in advancing on the development of regional procurement platforms
- 2 Explore the mechanism to facilitate access to other essential medicines, contributing to UHC
- 3 Continue to explore pre-financing mechanism to facilitate access by countries

Transparency and predictability of domestic and external funding is critical for sustainability planning

Development partners provide different kinds of support to complement national resources*

Sustainability planning needs:



A vision for how **domestic resources** and **external resources** will interact and change over time



Coordination of domestic and external support, which in turn requires visibility and predictability of both external and domestic resources, as well as agency for countries over external funding

Global Fund drives transparency & predictability of funding by:

- Actively **communicating** and **publishing** country allocations, disbursements, and related timelines
- Supporting **national resource tracking** for health
- Engaging in and providing **financial and technical support** to national sustainability planning
- Supporting **public financial management strengthening** and aspiring to put resources behind national plans/ priorities through our country-led approach
- Collaborating with PEPFAR on resource alignment**, supporting their publication of national resource profiles.

Transparency of funding flows is a foundational step in sustainability planning

Example Analysis of financial flows in Kenya (IBRD and IDA eligible; borrowing on blend credit terms; USD\$ millions)

Funder	Commitments attributed to health	Disbursements attributed to health	Interest, repayments and fees not sector specific	Interest, repayments and fees attributed to health	Net health disbursed
Global Fund	All GC6 + C19RM	471			471
Gavi	289	266			266
GFF		9			9
PEPFAR	1,196	974			974
World Bank: IBRD loans	0	0			
World Bank: IPF/P4R IDA credit health	230	127			
World Bank: IPF/P4R IDA grant health	0	0			
World Bank: IBRD DPO (health equivalent)	45	45	(795)	(74)	374
World Bank: IDA Credit DPO (health equivalent)	188	276			

Note: *Including financing through grants, loans and other financial products, in-kind support, technical assistance and knowledge products, and support services (e.g., Global Fund's wambo.org). Attribution to health is done on the basis of general government health expenditure / general government expenditure

Sources: Global Fund analysis conducted using data from [GAVI International Aid Transparency Initiative \(IATI\) Portal](#); [PEPFAR Datasets](#); [World Bank Projects & Operations](#)

One Plan-Budget-Report

And how PFM mainstreaming could support the Global Fund to leverage this approach

One Plan, One Budget, One Report

This tripartite concept aims to support **more integrated and collaborative health sector governance**. Consolidating plans, budgets, and reports into coherent, unified documents and processes **to enhance efficiency, accountability, and transparency in health sector management**.

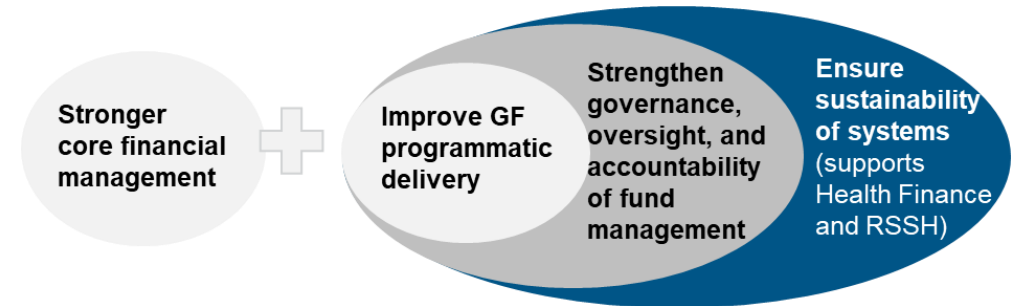


- Countries are at different levels of adopting this framework.
- The approach can also mean different things in different contexts.
- For example, in some contexts, One Budget means all funders being recorded in the MoF budget, whereas in other contexts it can mean all funders pooling resources through the same bank account.
- The Global Fund and actors across the partnership aim to support countries in transitioning to this approach wherever possible (e.g., as long as traceability of funds can be maintained).

- However, experience in GC7 shows we have a long way to go:
 - While funding requests (FRs) are highly aligned to disease-specific National Strategic Plans (consistently >90%), only 1 country has used a “country-wide strategic plan for the health sector” as the basis for its FR.
 - In 13/54 high impact and core countries’, Global Fund resources are on budget (visibility of resources on the national budget).

Global Fund’s Public Financial Management (PFM) work

- Aims to support the progressive utilization of various components of the country's systems that underpin "One Plan-Budget-Report".
- The Global Fund is starting to engage countries to understand how to best support them on their transitional journey towards One Plan-Budget-Report. This transition can take 3-10+ years for a country.



PFM efforts underway aim to support:

- | | | | |
|---|---|--|---|
| <ul style="list-style-type: none"> - Improved financial management - Improved risk management | <ul style="list-style-type: none"> - More sustainable funding outcomes - Improved tracking of co-financing commitments and domestic resource allocation to health - More efficient use of funding and better VfM | <ul style="list-style-type: none"> - Stronger visibility of funding gap - Better legislative oversight - Transparency of public funds disbursed | <ul style="list-style-type: none"> - Increased countries' governance and accountability - Improved national finance systems - More purposeful partnership engagement |
|---|---|--|---|



3

Five country case studies illustrating the diversity of sustainability challenges being addressed across the portfolio

Colombia



Context



Upper Middle-Income Country (US\$6,624 per capita)



Population: 51.9 million



190k
PLHIV



US\$22.7m
GC7 allocation

Sustainability challenges

- Overall, strong economic capacity.
- Strong health system and capacities, however issues related to highly fragmented insurance-based system, including in:
 - Prioritizing spending on treatment at the expense of investing in prevention and diagnosis;
 - Important legal/policy barriers to scaling up social contracting & reaching KVP through prevention/testing;
 - Important gaps in the provision of HIV services for KVP - including Venezuelan migrants - who are not enrolled in the insurance system;
 - Highly fragmented information system that hampers timely and quality decision making.

Important considerations in strengthening sustainability of the response


While the Global Fund supports a very small part of the HIV response, continued Global Fund support is critical and catalytic to addressing sustainability challenges in the medium term, namely:


- Support and advocacy for expanding services to KVP, by strengthening mechanisms that allow CSOs to be service providers in the insurance system;
- Scaling up services for Venezuelan migrants, leveraging a blended finance agreement with World Bank;
- Contributing to strengthening and integrating information systems and supporting studies for evidence-based advocacy.


Niger





Context


 **Low-Income Country**
(US\$574 per capita)


 **Challenging Operating Environment** (HDI 189/191)

 **Population:** 26.2m; 3.5% increase per year, 6.7% child/woman

 34k PLHIV

 20k TB cases

 est. 7.7m malaria cases

 US\$150m GC7 allocation

Sustainability challenges

- Sustainability more complex following military coup in July 2023 and geopolitical isolation of the Niger regime.
- Limited government fiscal capacity to fund (including through loans) core components of response.
- Macroeconomic stability and long-term growth potential compromised by recurring humanitarian/ security crisis, effects of climate change and high population growth rate.
- Fragile health system with poor health coverage, high out of pocket payment for health services & insufficient/ inequitable/ inefficient distribution of human and financial resources.
- High disease burden for malaria and deteriorating legal environment preventing access to HIV services for KVPs.

Important considerations in strengthening sustainability of the response

Global Fund support for HTM and RSSH is critical to addressing sustainability challenges given:

- In the short-term, high dependency on external funding for HTM and RSSH and reduced partner-base following deterioration of geopolitical context.
- In the medium-term, government capacity to fund HTM and RSSH depends on materialization of expected growth (11.1% in 2024 & 6.5% in 2025) – linked to political prioritization of domestic financing for health, lifting of sanctions, resumption of international aid, agricultural performance and oil exports.
- Limited government funding for HIV prevention and KVP activities in increasingly hostile environment (including calls to criminalize homosexuality).

Malawi



Context



Low Income Country (US\$579 per capita)



Population: 20.8 million; 83% rural; 72% of the workforce dependent on agriculture



1m
PLHIV



25k
TB cases



4.2m
malaria cases



US\$517m
GC7 allocation

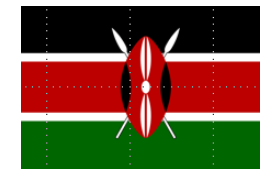
Sustainability challenges

- Chronic fiscal, debt and foreign exchange crises have resulted in IMF austerity measures aimed at addressing record deficits and debt repayments, severe foreign exchange reserve shortages (amongst the lowest in SSA), high inflation and low GDP growth.
- Fragile health system serving a rural population challenged by high migration out of the health workforce; but epidemic control of HIV achieved, strong progress made on TB and malaria.
- Population and health system highly vulnerable to economic, climate and pandemic shocks requiring external emergency relief.

Important considerations in strengthening sustainability of the response

- External funding accounts for 50% of total health spending & >95% of HIV, TB and malaria resources (incl. commodities & KVPs).
- GF GC7 & C19RM investments in RSSH expected to significantly increase system capacity but will require sustained investments in recurrent costs (e.g., maintenance, HRH).
- Under GC7, agreement for the govt. to: a) increase expenditure on PHC and b) progressively absorb GF-financed HRH onto payroll.
- Slow progress is expected on increasing domestic resources and risks of increasing financial barriers and inequity remain unresolved.
- HIV Sustainability Roadmap under development with UNAIDS and PEPFAR support.
- New health sector reform plan (under One Plan-Budget-Report approach) and health financing strategy consider domestic & innovative financing and sustainability (incl. decentralization & service integration).
- Beyond HTM (where there is strong donor alignment), improved coordination needed across multiple partners for efficiency and to re-establish government ownership; but needs to be accompanied by strengthened governance and fiduciary oversight.

Kenya



Context



Lower-Middle Income Country (US\$2,099 per capita)



Population: 54 million



1.4m
PLHIV



128k
TB cases



3.4m
malaria cases



US\$393m
GC7 allocation

Sustainability challenges

- Reduced fiscal space for Treasury prioritization. Risk of debt distress remains high. Increase in government expenditure during COVID-19 resulted in 11% raise in the public debt / GDP ratio, from 54% to 65% between 2019 and 2022.
- Continuing elevated cost of living, exchange rate pressures, heavy reliance on foreign remittances, and ~83% of people being informally employed limits tax revenues.
- Need for better alignment on sustainability approaches between development partners and national policies, structures, and operations e.g., for Universal Health Coverage (UHC).
- Health system challenged by limited allocation of resources, understaffed facilities, lack of accessibility to services, heavy reliance on donors for HTM.

Important considerations in strengthening sustainability of the response

- Important legislation passed in late 2023 to broaden the scope of public healthcare in line with UHC, institute comprehensive social protection schemes, and reform key health financing and administration considerations.
- Together with 10-years experience of devolved government, with Counties operating revenue pooled from national government, and own-source revenues, these reforms give a **conducive environment** (political hooks, nationally owned strategic and operational plans) for sustainable impact on health.
- However, "family values" legislative reforms have been proposed, which, if passed, could limit equitable health coverage for all.
- And, complexities exist in operationalizing the 2023 legislations, including sustaining political momentum for resourcing as high debt, interest rates, and inflation shrink fiscal space.
- And, while Kenya Medical Supplies Authority (KEMSA) was once a regional leader in quality national supply chain and procurement (partly due to Global Fund investment), major risks to the supply chain remain due to insufficient oversight of national-led procurements, delays to government payments, and fluctuations in management performance.

Opportunity: Complete KEMSA reforms. Elevate sustainability discussion towards GC8 signing – *what are the 2030 and 2035 milestones, how do we better align our levers and authorities, how will we be accountable to each other.*

Indonesia



Context

 **Upper Middle-Income Country*** (US\$4,788 per capita)

 **Population:** 279 million spread over 17k islands

 540k PLHIV  1m TB cases  812k malaria cases  US\$295m GC7 allocation

Sustainability challenges

- Decentralization has led to funding uncertainty and a lack of transparency in health care allocation, spending, and reporting at local level, including for HTM services.
- Limited engagement of the private sector in supporting TB response.
- Social contracting is underutilized, with low government investment in KVP programs and limited public service provision by CSOs.
- A Health Transformation Strategy is being implemented, but not yet fully funded.

Important considerations in strengthening sustainability of the response

- Strong government engagement to-date has catalyzed increase in domestic financing for key commodities and streamlined registration and procurement of latest HTM commodities in line with WHO guidance, at affordable prices.
- Establishment of a consolidated PMU for implementation and management of Global Fund grants under government PR, which committed to cover management costs through domestic budget (10% in 2025, increasing to 100% from 2026 and onwards).
- Debt-to-Health brought additional financing for HTM programming.
- Innovative financing (e.g., US\$300m World Bank Loan Buy Down) and key partnerships (e.g., USAID, World Bank) leveraged for HTM to address:
 - National Health Insurance system improvements
 - Sub-national performance-based financing structures
 - Strengthened engagement with the private sector
- Further efforts needed to support funding flows and transparency in the context of decentralization, private sector engagement, social contracting for KVP programs, and realization of the Health Transformation Strategy.

*Classified as Upper Lower Middle-Income Country at time of Global Fund Eligibility determination in 2023. [World Bank](#) changed Indonesia income classification in 2024.

Notes: NHI (national health insurance); HTM (HIV, TB, malaria); KVP (key and vulnerable populations); CSOs (civil society organizations); STC (sustainability, transition, and co-financing); PMU (project management unit). PR (principal recipient)

Sources: [UNAIDS](#); [World Bank 2022](#); [WHO World Malaria Report 2022](#); [WHO Global TB Report 2022](#)

Hard questions on sustainability remain

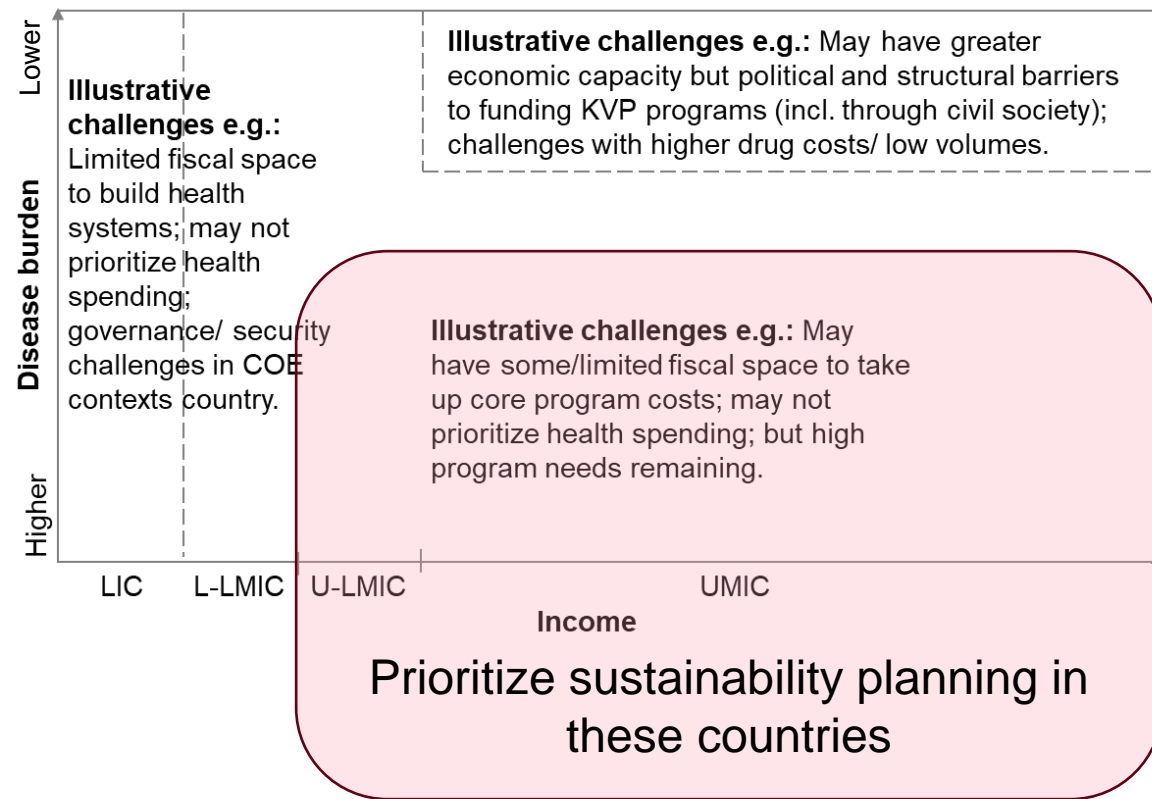
- With costs of continuing essential programming (comprising basic health product and delivery budgets) representing approximately 75% of allocations¹, can the Global Fund expect to fully support countries to address new threats like climate change, support greater efforts to strengthen systems for health, and fill remaining and critical gaps in basic disease control programs for HIV, TB and malaria?
- If Global Fund allocations increase in the future, what more can be achieved under our Strategy?
- If Global Fund allocations decrease in the future, what parts of our mission will and will not be able to be sustained? Without continued funding, progress in lower income countries and for KVPs would be in immediate and acute jeopardy.
- Should countries that have the fiscal space prioritize uptake of commodities, prevention, or human resource costs with domestic funds?
- Can we envision the long-term success and sustainability in the fight for human rights, communities and key and vulnerable populations, or will these be continued funding needs for the foreseeable future?
- In addition to demonstrable health progress, which institutions and mechanisms should the Global Fund seek to leave behind to deliver and sustain future progress?
- What will the status of our mission be in 2030 and what therefore is the role of the Global Fund beyond the SDGs?

¹ Based on analysis of GC6 grant and preliminary analysis of GC7 grants to March 2024.

Proposed next steps: Doubling down on sustainability

Part 1: Country Prioritization

- Accelerate sustainability planning in the most urgent sub-set of countries with higher economic capacity (e.g., upper-LMIC and above) and higher burdens of disease (i.e., those that have higher allocations) considering financial and programmatic sustainability, as well as policy issues;
- Critical that sustainability planning efforts are aligned with national approaches, undertaken holistically from a systems for health perspective, and undertaken in conjunction with key partners (PEPFAR, UNAIDS, Stop-TB, USAID, RBM and PMI etc) – recognizing, for example, that greater control of malaria is needed in most contexts before sustainability can be achieved.
- Continue to embed sustainability planning in all countries, but recognize that progress in low-income countries, COEs and for KVPs, human rights, gender equality, and communities will require continued donor support in almost all country contexts.



Proposed next steps: Doubling down on sustainability

Part 2: Data Transparency, PFM, and PPM/WAMBO

- Transparency and predictability of funding flows are essential precursors to effective sustainability discussions. Accelerate work with governments and partners to increase clarity and transparency of both external and internal health funding flows and to participate in national health sector coordination mechanisms as the basis for effective sustainability planning.
- To this end, more systematically leverage new and existing partnerships to support in-country sustainability efforts. In relevant contexts this includes holistic sustainability planning, negotiations and advocacy with Gavi and other partners; and further aligning CCMs with national coordinating mechanisms (while maintaining Global Fund principles of inclusion and equity), including national RSSH/PPR systems (see CCM Update GF/SC24/12).
- Continue to work with governments and partners to enhance and expand efforts to build public financial management capacity. Launch a series of sessions on public financial management and One Plan, One Budget, One Report to ensure shared understanding of issues and commitment from countries and partners needed for progress.
- Scale up the use of PPM/WAMBO to support countries and partner procurement of quality assured health products at lower costs. This includes exploring country pre-financing solutions, incentivizing countries to leverage PPM/WAMBO and use of alternative procurement mechanisms (e.g., PAHO) to achieve lowest costs of quality assured health products and continuing to promote regional capacity building through collaborative procurement approaches with partners.
- Consider whether the Global Fund has a comparative advantage and funding to support additional areas of national, regional and global sustainability, including regulatory capacity, post-market surveillance, and other domestic health financing solutions such as national health insurance programs.

Proposed next steps: Doubling down on sustainability

Part 3: Challenging Tradeoffs

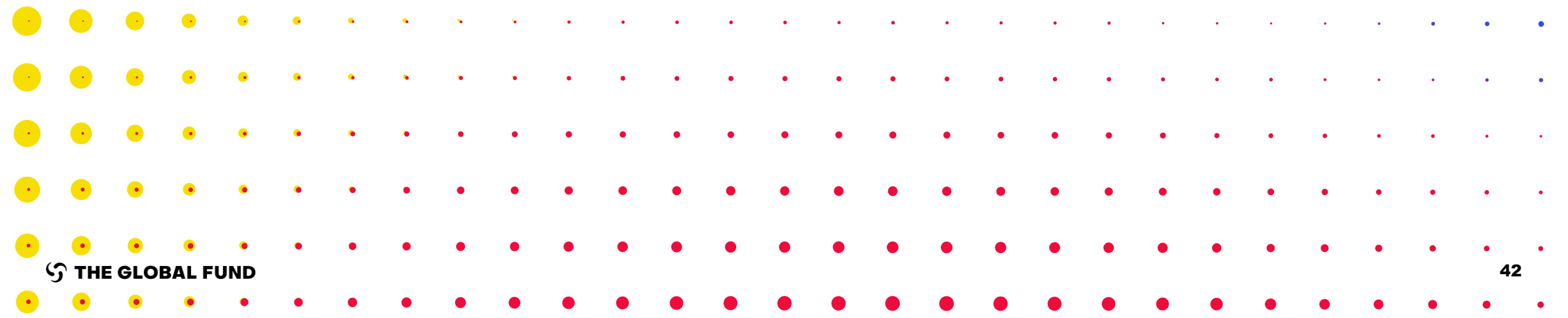
Discuss Board appetite for potential additional areas of focus as well as hard trade-offs required, including (illustratively) should the Global Fund:

- Be more prescriptive about what we will and will not fund going forward, for example funding only commodities, KVP programs, community systems strengthening, and select HRH costs in relevant MIC contexts? **Trade-off:** potential lack of funding for key elements of the response.
- Require the majority of costs for management, travel, TA and meetings to be reduced and funded from domestic budgets, or other sources of funding in cases of civil society and community-led programs? **Trade-off:** incomplete implementation/oversight of key activities, with potential for poor quality programs.
- Negotiate indicative decreases in allocations for select middle income countries and/or timelines for ending Global Fund support? **Trade-off:** negative impact on the response and limiting global nature of the Global Fund.
- Undertake a holistic review of Eligibility, Allocation and STC policies for the purpose of accelerating transitions (noting that the current policies do not result in rapid transitions from Global Fund support)? **Trade-off:** potential failure to fight UMIC KP HIV epidemics, in particular, and significant Board time commitment for uncertain outcome or benefits.
- Not restart funding commodities in contexts where countries have committed to domestic procurement as part of co-financing requirements, even if procurements fail? **Trade-off:** stock-outs of life-saving preventative and curative commodities leading to deaths.



4

Questions for Board and next steps



Questions and next steps

Questions for the Board

- What comments, modifications or additions does the Board have on the global landscape?
- What input or direction does the Board have on implementation of the Global Fund's country-focused sustainability efforts?
- What input or modifications does the Board have on the proposed next steps outlined?

Next Steps

- Upcoming governance discussions (July 2024 – Q2 2025) on scope of sustainability efforts to be taken forward and associated policy changes.
 - Policy changes: Allocation review already underway, and holistic review of STC and eligibility policies will need to be concluded by Q2 2025 to be implemented under GC8.