

# **Increasing the Emergency Fund 2020-2022 Electronic Report**

GF/B47/ER14  
Electronic Report

## **Board Decision**

Purpose of the paper: This paper requests the Board approve an increase to the Emergency Fund of an additional USD \$40 million from funds made available by the Audit and Finance Committee (AFC) for portfolio optimization to address urgent needs in countries that have been affected by natural disasters or protracted conflicts that are impacting the provision of essential treatment and prevention services.

*Document Classification: Internal.*

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## Decision

**Electronic Board Decision Point: GF/B47/EDP17: Increasing the Emergency Fund 2020-2022**

***The Board reaffirms the importance of responding efficiently and rapidly to emergency situations to ensure the continuity of life-saving health services delivered through Global Fund-supported programs. The Board recognizes the devastating impact that recent natural disasters, climate-related events, and ongoing and protracted conflicts such as those in Pakistan, Ukraine, and Somalia have had on the health and well-being of people supported by Global Fund programs and reaffirms the importance of the Emergency Fund in rapidly responding to such contexts.***

***Therefore, the Board approves the reallocation of USD \$ 40 million from Audit and Finance Committee (AFC)-approved portfolio optimization funds to the Emergency Fund.***

**Budgetary implications (included in, or additional to, OPEX budget): USD \$40 million, funded from available sources of funds identified by the AFC**

A summary of relevant past decisions providing context to the proposed Decision Point can be found in Annex 2.

# Executive Summary

## Context

The Emergency Fund ensures access to and distribution of essential medicines and health services and protects Global Fund investments in times of disaster or conflict—most recently, in Pakistan and Ukraine. Both armed conflicts and natural disasters jeopardize Global Fund investments and gains in HIV, TB, malaria, RSSH, and COVID-19. Swift, substantial responses are necessary. Today, there is an approximate USD \$40 million gap between immediate Emergency Fund needs and available funding.

## Questions this paper addresses

The Strategy Committee (SC) and Secretariat propose using funds available for portfolio optimization to increase the Emergency Fund by USD \$40 million. In making this recommendation, the SC and the Secretariat considered two alternatives, both of which were deficient. Option 1, SI reallocation, cannot provide sufficient funds to meet the current need. Option 2, doing nothing—and thus leaving Global Fund investments unprotected—is not an option.

The SC and Secretariat make this recommendation mindful of its tradeoffs. The situations in the Emergency Fund pipeline present substantial threats to HTM, COVID-19, and health systems. Without swift responses, those emergencies will derail gains made by Global Fund investments. The Secretariat believes, and the SC agrees, that combatting those threats, and thus protecting the existing and substantial investments in the areas at issue, is required.

## Conclusions

The SC and Secretariat recommend that the Board approves an additional USD \$40 million for the Emergency Fund for the 2020-2022 allocation period.

## Input Sought

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

## **Input Received**

This recommendation is based on the current availability of funds in the Emergency Fund and the pipeline of requests. The SC discussed the Secretariat's request and unanimously recommended that the Board approve the Decision Point.

# Report

## What is the need or opportunity?

1. Since 2014, the Emergency Fund, funded through catalytic investments, has allowed the Global Fund to respond swiftly and flexibly to emergency situations<sup>1</sup> in eligible countries to prevent the disruption of essential treatment and prevention services that cannot be funded through the reprogramming of existing grants. The revolving nature of the Emergency Fund allows for, where possible, reimbursement from country allocations once the emergency situation has subsided. The Emergency Fund recognizes that, true to their nature, it is not possible to predict when natural disasters and humanitarian emergencies may occur. In 2022 there have been a number of natural disasters (tropical cyclones, heavy monsoon rains, flooding) and conflicts that are having a significant humanitarian impact (the war in Ukraine).
2. The Emergency Fund enables the Global Fund to respond to emergency situations through a simple, streamlined, rapid, and flexible mechanism. In the previous cycle (2017-2020), over USD \$25 million was disbursed to eligible countries to ensure the continued availability of essential services (including ART and tuberculosis treatment and the procurement and distribution of long-lasting insecticidal nets (LLINs)).<sup>2</sup>
3. For the 2020-2022 allocation period, a total of USD \$20 million was allocated to the Emergency Fund.<sup>3</sup> However, considering the anticipated pipeline of requests and the conflict in the Ukraine, in March 2022 the Board agreed to increase the overall amount of funding to the Emergency Fund by USD \$30 million by reallocating funds made available by the Audit and Finance Committee (AFC) for portfolio optimization.<sup>4</sup> As of 15 September 2022 78% (USD \$41 million) of the available funds had been allocated.

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<sup>1</sup> For the purpose of the Emergency Fund, an emergency situation is defined as country that is facing a Level 2 or 3 emergency, as classified by the Inter-agency Standing Committee (IASC) or a WHO classified Grade 2 or 3 emergency. The Secretariat may also consider providing support to other emergency situations which are impacting the delivery of essential treatment and prevention services based on a strong justification and rationale. The Secretariat has the authority to approve and operationalize the use of funds in the Emergency Fund.

<sup>2</sup> The Emergency Fund had total allocation of USD \$ 20 million for the 2017-2019 allocation period and the SC approved an additional USD \$ 6 million through the reallocation of Strategic Initiative Funding (GF/SC10/DP01).

<sup>3</sup> The utilization period for the Emergency Fund is 1 January 2021 to 31 December 2023.

<sup>4</sup> [GF/B46/EDP17](#)

4. With only USD \$8.9 million available left in the Emergency Fund and the need to swiftly release additional funds to address the crisis in Pakistan, on 16 September 2022, the Grant Approval Committee (GAC) approved, within its delegated authority, a reallocation of Strategic Initiative funds of USD \$1,970,000 to the Emergency Fund, thus increasing the total Emergency Fund ceiling to USD \$51,970,000.<sup>5</sup> With this, the total amount of available funding for the Emergency Fund was increased to USD \$10.9 million. On 20 September 2022, the Secretariat approved an initial Emergency Fund investment of USD \$10 million to support the delivery of services and commodities in flood-affected areas in Pakistan.<sup>67</sup> Following this approval, there is less than USD \$1 million available in the Emergency Fund. There also remains a significant pipeline which includes additional needs in Pakistan and Ukraine. Table 1 summarizes the Emergency Fund approvals as of 5 October 2022.

**Table 1: Emergency Fund approvals as of 5 October 2022**

Country	Focus	Components	Amount	Year
Afghanistan	Continuation of essential prevention, diagnosis, and treatment services in light of the unstable political situation	TB, RSSH	USD \$15,000,000 <sup>8</sup>	2021
Haiti	Coverage of essential malaria prevention and treatment gaps in earthquake affected departments	Malaria	USD \$967,403	2021
Ukraine	Continuation of essential HIV and TB services in the regions affected by the Ukraine military conflict.	HIV, TB	USD \$15,000,000	2022
Madagascar	Coverage of essential malaria prevention and treatment gaps in storm/cyclone affected areas	Malaria	USD \$2,337,271	2022
Moldova	Provision of HIV, TB services for Ukrainian refugees	HIV, TB	USD \$1,275,380	2022
Romania	Maintain treatment services and case detection for Ukrainian refugees	TB	USD \$3,882,424	2022
Mozambique	Continuation of malaria treatment and prevention in Cabo Delgado in	Malaria	USD \$6,597,795	2022

<sup>5</sup> As part of its approval of catalytic investments for the 2020-2022 allocation period, the Board delegated the Secretariat the flexibility to operationalize catalytic investments and to reallocate among approved priorities within 10% of the approved amount of associated costs for a specific priority, with any reallocations exceeding 10% for a specific priority to be presented to the SC for approval ([GF/B41/DP04](#))

<sup>6</sup> Catastrophic rains, linked to climate change, began in June 2022 and have resulted in over 1400 deaths and affected approximately 33 million people, and are resulting in an increase in waterborne diseases, including malaria. (Sources: Foreign Policy: [The Lingering Impact of Pakistan's Floods](#), BBC News: [Pakistan floods: Dengue cases soaring after record monsoon](#)).

<sup>7</sup> <https://www.theglobalfund.org/en/news/2022/2022-09-20-global-fund-approves-emergency-funding-to-maintain-essential-health-services-in-pakistan/>

<sup>8</sup> A reimbursement of USD \$5 million from the Afghanistan country allocation to the Emergency Fund SI was received in September 2021 based on savings identified in the Afghanistan UNDP grant that was hosting the emergency funding.

	response to climate emergencies and on-going insurgency			
Sri Lanka	Ensure continued availability of essential HIV prevention and treatment commodities considering the political and economic instability	HIV	USD \$989,687	2022
Pakistan	Ensure uninterrupted availability of lifesaving health products and ensure continued access to free malaria and TB diagnostic and treatment services for communities through mobile units and health camps in flood-affected districts	Malaria	USD \$10,000,000	2022
<b>Total Approved to Date</b>			<b>USD \$51,049,960</b>	
<b>Unutilized funds</b>			<b>USD \$920,040</b>	

5. Before Emergency Funds are considered for award, there is a requirement to review existing grant budgets, absorption, and commitments to determine if there is room to reprogram existing funds. For example, in Ukraine, USD \$28.5 million was reprogrammed from existing grant funds before additional funds were awarded through the Emergency Fund. Emergency Funds awarded between March and September 2022 have been added to existing grants as incremental funding or, in the case of the Ukraine, operationalized as a separate new grant to facilitate a faster response to the emergencies in the absence of savings or re-allocation of resources readily available. Considering the short period of implementation of newly awarded Emergency Funding grants, no savings have been identified at this time for reimbursement, particularly for those grants whose overall allocations are modest. The Secretariat will continue to monitor grant execution and should funds be made available these will be returned to the Emergency Fund.
  
6. There are several requests in the pipeline which exceed the funds available, including funding to address immediate and time-sensitive emergency needs in Pakistan, Ukraine, and Somalia. These immediate needs alone approach USD \$ 40 million. This amount does not cover known future needs—for example, emergency responses to the protracted humanitarian crisis in Northern Ethiopia. The Secretariat anticipates that additional funds will be needed in early 2023 and will look at first at the possibility of SI re-allocation for which shifts of over 10% are delegated to the SC for approval.

## What do we propose to do and why?

7. Based on the existing pipeline and the need to continue to respond rapidly in Pakistan, Ukraine, and Somalia, the SC and Secretariat recommend that an additional USD \$40 million be made available to the Emergency Fund for the 2020-2022 allocation period. This would increase the total ceiling of the Emergency Fund to USD \$91,970,000.
8. The use of funds available for portfolio optimization to increase the Emergency Fund is foreseen for the 2023-2025 allocation period. The Board acknowledged that the Emergency Fund is unique and unlike other Strategic Initiatives (SIs) as these funds are channeled directly to countries to address circumstances which cannot be predicted. For the next cycle, the Board has delegated the Secretariat authority to increase the amount of funding available for the Emergency Fund by up to 50% of the amount priority approved using funding approved as available by the Audit and Finance Committee for portfolio optimization. Any increase above 50% requires Board no-objection approval.<sup>9</sup>
9. Increasing the Emergency Fund by USD \$40 million would ensure that it can continue to serve its purpose and enable the Global Fund to continue to respond to the immediate pipeline of requests. Increasing the Emergency Fund in this way also acknowledges that the current pipeline may not be exhaustive—rather, additional funding will be required should any new emergencies occur or should there be a further degradation in any of the ongoing humanitarian crises and/or conflicts. The Emergency Fund’s impact derives from its combination of nimble and substantial support in urgent, catastrophic circumstances. Delays, even small ones, impede impact.
10. As the proposed source of funds to increase the Emergency Fund is available portfolio optimization funds, the SC and Secretariat have weighed the trade-offs of further investing in eligible countries with UQD against increasing the available funding for the Emergency Fund. This recommendation reflects their assessment.

## What options did we consider?

11. The Secretariat considered the following other options:

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<sup>9</sup> [GF/B47/DP06](#)



- i. *Option 1: Using funds for immediate SI reallocation.* The Secretariat looked at the availability of funds for immediate SI reallocation. The amount of funds needed to address the current pipeline is not possible to achieve under SI reallocation in the short-term. The Secretariat assessed what SI funding was available and reallocated USD \$1.97 million to the Emergency Fund in line with the Secretariat's delegated authority to approve SI reallocations of up to 10%.<sup>10</sup> The Secretariat anticipates that in Quarter 1 of 2023, with less than 12 months remaining to implement, there will be another reallocation exercise to maximize use of SI resources and meet emerging needs. Should additional funds become available, SI funds could increase the Emergency Fund if needed. However, at this point, SI reallocation cannot provide sufficient funds to meet the need.
  - ii. *Option 2: Doing nothing.* The Secretariat also evaluated the consequences of leaving the Emergency Fund capped as is. The Secretariat determined that the consequences of doing so would be dire. Doing nothing would leave tens of millions of people vulnerable to life-threatening emergencies and the disease threats they compound, put at risk Global Fund investments in Pakistan, Ukraine, and Somalia, and reverse hard-fought gains. The Secretariat does not believe that this is a viable option.
12. The Emergency Fund enables the Global Fund to mitigate the devastating impact of emergencies on public health, including specifically on the fight against HTM. In funding the Emergency Fund, the Global Fund recognizes that emergency funding is an essential safeguard of gains made against HTM and, more recently, COVID-19. Conversely, failure to provide emergency funding risks derailing these gains.

## **What do we need to do next to progress?**

13. The Board is requested to approve of an increase of USD \$40 million for the Emergency Fund for the 2020-2022 allocation period to ensure that the Secretariat can continue to respond rapidly to emergency situations in the near and short-to medium-term. A decision not to approve this increase would leave the Secretariat with less than USD \$1 million to finance the existing pipeline of requests, which currently exceeds USD \$40 million, as well as any future emergencies. The Board is asked to approve this on an expedited decision-making timeframe to ensure that orders for life-saving health products can be placed as soon as possible and thus avoid stock-outs and interruptions in treatment.

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<sup>10</sup> An additional USD \$ 2.9 million is under review through the application of GAC approved reallocation criteria to meet existing and emerging needs from other Strategic Initiatives.

## **Recommendation**

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

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## **Annex 1 – Summary of Committee Input**

Below is a summary of the input received during the SC discussion, which will be reflected in the Report of the 20<sup>th</sup> Strategy Committee meeting.

SC members acknowledged the importance of the Emergency Fund, characterizing it as having been repeatedly lifesaving and essential. SC members expressed support for the proposed decision point. The SC expressed concern about the impact of potential lower funding scenarios for catalytic investments in the 2023-2025 allocation period on the Emergency Fund and noted the need to consider ensuring optimal flexibility for the Secretariat to manage Emergency Fund needs in the next cycle, including for example the flexibility to shift portfolio optimization funds to catalytic investments. The SC requested clarification regarding the timing of the request noting many of the emergencies are not new.

The Secretariat thanked SC members for their support for the proposed decision point and acknowledged the concerns raised by some SC members on the potential shortfall of funding in the next allocation period.

Regarding the timing of this request, the Secretariat noted that funds have been reprogrammed in both Ukraine and Pakistan and both countries have received Emergency Funding (US \$15 million and US \$10 million respectively). The Secretariat noted that it would continue to assess sources of funds for the Emergency Fund as additional needs are expected in the future.

The Secretariat shared the concern about the potential funding amounts for the Emergency Fund in the next allocation period under lower catalytic funding scenarios. The Secretariat noted the risk of putting too much funding in the Emergency Fund at the outset, as if these funds are not spent, it is more complex to move them elsewhere. In contrast, moving funds into the Emergency Fund quickly enables the Global Fund to continue to move fast when needed.

The SC unanimously approved the decision point.

## Annex 2 – Relevant Past Committee & Board Decisions

### Relevant Past Decision Points      Summary and Impact

<b>GF/SC20/DP01:</b> Increasing the Emergency Fund 2020-2022	The Strategy Committee (SC) recommended that the Board approve an increase of USD \$40 million to address urgent needs in several countries experiencing natural disasters or undergoing large scale conflicts impacting the provision of essential treatment and prevention services.
<b>GF/B46/EDP17:</b> Increased Funding to the Emergency Fund (March 2022) <sup>11</sup>	Board approval to increase the Emergency Fund by USD \$30 million to address urgent needs in several countries that have experienced natural disasters or are undergoing large scale conflicts impacting the provision of essential treatment and prevention services.
<b>GF/AFC17/DP03:</b> Approval of Available Sources of Funds for Portfolio Optimization and Unfunded Quality Demand for the 2020-2022 Allocation Period (October 2021)	The Audit and Finance Committee approved USD 100 million as the amount to be made available for portfolio optimization of grants.
<b>GF/B41/DP04:</b> Catalytic Investments for the 2020-2022 Allocation Period (May 2019) <sup>12</sup>	The Board approved the catalytic investments under different funding scenarios for the 2020-2022 allocation period.

<sup>11</sup> [https://www.theglobalfund.org/media/11933/bm46\\_edp17\\_attachment\\_en.pdf](https://www.theglobalfund.org/media/11933/bm46_edp17_attachment_en.pdf)

<sup>12</sup> <https://www.theglobalfund.org/kb/board-decisions/b41/b41-dp04/>