

Increasing GC7 Emergency Fund Electronic Report

GF/B51/ER09

Board Electronic Decision

Purpose of the paper: As part of its approval of the 2023-2025 Catalytic Investment (CI) priorities, the Board acknowledged the uniqueness of the Emergency Fund. Decision Point (GF/B47/DP06) allows for increasing the Emergency Fund CI through funds made available for portfolio optimization by the Audit and Finance Committee (AFC). In line with the decision point, the Board is requested to provide its no-objection to increasing the Grant Cycle 7 (GC7) Emergency Fund CI priority by an additional US\$ 30M through funds approved by the AFC – GF/AFC26/EDP01 – to address critical needs and ensure sufficient funds are available to respond in the event of emergency situations in the context of the Global Fund portfolio.

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Decision

Decision Point: GF/B51/EDP13: Increasing the Grant Cycle 7 Emergency Fund

The Board:

- 1. recalls its decision to delegate authority to the Secretariat to increase the amount allocated to the grant cycle 7 Emergency Fund catalytic investment priority for the 2023-2025 allocation period by up to 50% of the amount approved for this priority, pursuant to decision point GF/B47/DP06 (May 2022), using funding made available by the Audit and Finance Committee for portfolio optimization;**
- 2. acknowledges the need for additional funding above the delegated authority of 50% of the approved priority amount of US\$ 12 million;**
- 3. approves the reallocation of US\$ 30 million, from portfolio optimization funds approved by the Audit and Finance Committee, pursuant to decision point GF/AFC26/EDP01 (October 2024), to the Emergency Fund; and**
- 4. reaffirms its commitment to ensure that the Emergency Fund has sufficient funding to respond swiftly to current and future emergency needs within the Global Fund portfolio.**

Budgetary implications (included in, or additional to, OPEX budget): US\$ 30 million, funded from available sources of funds identified by the Audit and Finance Committee under GF/AFC26/EDP01.

A summary of relevant past decisions providing context to the proposed Electronic Decision Point can be found in Annex 1.

Executive Summary

Context

- The Emergency Fund Catalytic Investment (CI) priority allows the Global Fund to respond swiftly and flexibly in certain emergency situations to prevent disruptions of essential treatment and prevention services when funds are not available within existing grants for re-programming or when reallocating available resources is lengthy¹.
1. In Grant Cycle 6 (2020-2022 allocation period), US\$ 20M was initially made available for this catalytic investment priority. This amount was subsequently increased to US\$ 92M through SI reallocation (US\$1.970M) and subsequent Board decisions (US\$ 70M)², to respond to critical needs and unprecedented emergencies in Global Fund supported countries. For Grant Cycle 7 (2023-2025 allocation period), US\$ 12M was approved for the Emergency Fund catalytic investment priority. In addition, US\$ 2.9M was received from Private Sector donations in line with the Policy for Restricted Financial Contributions³.
- The Board when approving the CI priorities for the 2023-2025 allocation period acknowledged the uniqueness of the Emergency Fund and approved a Secretariat delegation of authority to increase the Emergency Fund by up to 50% of the amount approved for this priority, from funds approved as available by the Audit and Finance Committee (AFC), with increases over 50% to be presented to the Board for its urgent no-objection approval⁴.

Conclusions

- In the first ten months of 2024, a total of US\$ 14 M has been approved to respond to emergencies in six countries and one region. With less than US\$ 1M available for award for 2024-2026, there is an urgent need to increase the available funding to the GC7 Emergency Fund.

Input Received

- The AFC has reviewed the asset and liability management (ALM) balance as at 30 June 2024 presented to the Audit and Finance Committee (AFC) at its 26th meeting and has subsequently approved US\$ 75M to be made available for portfolio optimization, from which the Board is requested to reallocate US\$ 30M to increase the Emergency Fund.⁵

¹ In such cases, Emergency Funding may be requested on the condition that funds be reimbursed at a later stage.

² [GF/B46/EDP17 \(March 2022\)](#) and [GF/B47/EDP17 \(October 2022\)](#)

³ GF/B41/DP05 (May 2019). Of this amount, US\$ 622,988 (€ 600,000) is a Private Sector contribution of which a third is available yearly.

⁴ [GF/B47/DP06 \(May 2022\)](#)

⁵ GF/AFC26/EDP01 (October 2024)

Input Sought

The Board is requested to approve the following Electronic Decision Point on an urgent, no-objection basis:

- Decision Point: GF/B51/EDP13: Increasing the Grant Cycle 7 Emergency Fund

What is the need or opportunity?

2. The Emergency Fund allows the Global Fund to respond to emergency situations⁶ through a simple, streamlined, rapid and flexible mechanism. The revolving nature of the Emergency Fund allows for, where possible, reimbursement from country allocations once the emergency has subsided and if there is room to reprogram. It is not possible to predict when and where additional support for Global Fund-supported countries will be needed, as natural disasters and humanitarian emergencies cannot be predicted. In recent years the number of emergencies in Global Fund-supported countries have increased, from natural disasters in Pakistan, Mozambique to conflict in Ukraine, Tigray and Mozambique.
 - Funds made available through the Emergency Fund allow the Global Fund to be responsive and provide additional funding to eligible countries to ensure the continued availability of essential prevention and treatment services, including, for example procurement and distribution of ART and tuberculosis treatment, supporting preventative measures (e.g., procurement and distribution of long-lasting insecticidal nets (LLINs)). The Secretariat has the delegated authority to approve the use of the Emergency Fund and funds are deployed through existing grant structures (Principal Recipients or Sub-recipients) or through pre-qualified organizations, such as UNICEF, International Organization for Migration (IOM) and Save the Children.
3. In Grant Cycle 5 (GC5) (2017-2019 allocation period), the Emergency Fund executed US\$ 25M and required additional funds (US\$ 6M) from Strategic Initiative (SI) reallocation to ensure there were sufficient funds to address urgent needs during this period.⁷ For GC6 (2020-2022), US\$ 20M was approved but due to unprecedented large scale emergencies, including in Ukraine and Pakistan, an additional US\$ 70M was approved by the Board with funds made available by the AFC for portfolio optimization. For GC7 (2023-2025) an initial amount of US\$ 12M was approved for the Emergency Fund priority and, noting that this amount would not be sufficient for the three years, the Board approved flexibilities to increase the Emergency Fund through funds approved by the AFC for portfolio optimization.
4. The Secretariat has the delegated authority to increase the Emergency Fund by up to 50% of the approved priority amount (i.e., US\$ 6M) and any increase above 50% must be presented to the Board for its urgent, no-objection approval.
5. In the first ten months of 2024, the first year of GC7 CI implementation, a total of US\$ 14M has been approved to respond to emergencies in six countries and one region. There remains a balance of US\$ 0.729M of which US\$ 0.314M is available for commitment in 2024 due the way one of the private sector donations is structured. Without replenishment there will be insufficient funds to respond to the current pipeline of US\$ 4.5M to respond to Rohingya refugees in Bangladesh, or future emergencies. To continue to respond efficiently and quickly to emergency contexts and ensure the continuity of life-saving interventions within the Global Fund portfolio, additional funds are needed.
6. Conflict dynamics are becoming more complex, transnational, and prolonged, contributing to unprecedented global instability. Man-made violence has surged by 64% in the past four years due

⁶Eligible emergencies are those where the Inter-Agency Standing Committee (IASC) has implemented the Humanitarian System-Wide Scale-Up Activation ("Scale-Up activation"), or Grade 2 or 3 emergencies as classified by the World Health Organization. ⁷ The Secretariat may also consider providing support to other emergencies based on strong justification.

⁷ The 2017-2019 Emergency Fund had an initial approved priority amount of US\$ 20 M. GF/SC10/DP01

to conflicts in Ukraine, Gaza, Myanmar, Sudan, and Yemen and by July 2024, 39 of the top 50 conflict-affected countries, including Afghanistan and Venezuela, saw worsening violence⁸. Climate change is also exacerbating natural disasters, displacing people and straining health services⁹. This displacement and healthcare destabilization affects already vulnerable populations and can result in backsliding of progress against HIV, tuberculosis, and malaria and investments in systems strengthening.

What is proposed and why?

7. In line with GF/B47/DP06, the Secretariat is requesting the Board to approve, on an urgent, no-objection basis, the recommended increase of the GC7 Emergency Fund CI by US\$ 30M. The AFC has approved funds for portfolio optimization through GF/AFC26/EDP01 and has explicitly acknowledged that a portion of these funds would be used to increase the Emergency Fund. While the Emergency Fund can be increased through Strategic Initiative (SI) optimization in line with the prioritization framework approved by the Strategy Committee (SC)¹⁰, with less than a year of implementation of GC7 SIs there are no funds available for SI reallocation at this time.
8. The Emergency Fund is the most effective tool that the Global Fund has to respond quickly to emergency situations. While acknowledging that there are critical gaps in GC7 grants, particularly in Year 3, a decision to object to this increase would leave the Global Fund with insufficient funds to respond to the current pipeline and not be able to respond and support countries and communities on any future emergencies in 2025 and 2026. Due to the unpredictability of emergencies and where we are in the grant cycle, it is possible that additional funds will be required in the future. The Secretariat will, where possible, seek to recover funds awarded through the Emergency Fund, noting the revolving nature of the Emergency Fund provides for the return of unused funds.
9. The Secretariat will continue to report on the implementation of the Emergency Fund as part of scheduled bi-annual reporting on the implementation of Catalytic Investments through the SC.

Recommendation

The Board is requested to approve the Electronic Decision Point presented on page 2 on an urgent, no-objection basis.

⁸ [ACLED Conflict Index Results: July 2024.](#)

⁹ [World Health Organization. Climate Change – Key Facts. 2023.](#)

¹⁰ GF/SC22/DP01 (July 2023)

Annexes

The following items can be found in Annex:

- Annex 1: Relevant Past Board Decisions

Annex 1 – Relevant Past Board Decisions

Relevant past Decision Point	Summary and Impact
GF/AFC26/EDP01: Approval of Available Sources of Funds for Portfolio Optimization and Financing Unfunded Quality Demand for the 2023-2025 Allocation Period (October 2024)	The Audit and Finance Committee (AFC) approved US\$ 75 million for portfolio optimization, noting that a portion of these funds would be used to increase the GC7 Emergency Fund Catalytic Investment Priority.
GF/B47/EDP17: Increasing the Emergency Fund 2020-2022 (October 2022)¹¹	The Board approved the reallocation of USD \$ 40 million from AFC-approved portfolio optimization funds to the GC6 Emergency Fund.
GF/B47/DP06: Catalytic Investments for the 2023-2025 Allocation Period (May 2022)¹²	The Board approved the Catalytic Investment priorities for grant cycle 7, the 2023-2025 allocation period. As part of its approval, the Board delegated authority to the Secretariat to increase the Emergency Fund by up to 50% of the amount approved for this priority, using funding approved as available by the Audit and Finance Committee for portfolio optimization, any increase above 50% will be presented to the Board for its urgent, no-objection approval.
GF/B46/EDP17: Increased Funding to the Emergency Fund (March 2022)¹³	The Board approved the reallocation of USD 30 million from AFC-approved portfolio optimization funds to the Emergency Fund for GC6.

¹¹ <https://www.theglobalfund.org/kb/board-decisions/b47/b47-edp17/>

¹² <https://www.theglobalfund.org/kb/board-decisions/b47/b47-dp06/>

¹³ <https://www.theglobalfund.org/kb/board-decisions/b46/b46-edp17/>