

Summary: Global Fund Policies Addressing Sustainability, Transitions and Co-Financing

To guide the Board's discussion on the implementation of the various policies related to Sustainability, Transitions and Co-Financing, a task force of the Implementer's Group commissioned an independent analysis of the current policy frameworks and their execution. This summary is meant to help focus the Board's thinking to continue a critical and constructive discussion on how the Global Fund approaches these issues. For the full examination, please refer to the full policy brief distributed to the Board.

The recommendations in this summary focus on four areas:

1. STC Policy Monitoring and Evaluation
2. Beyond Allocation Sources of Funding for STC
3. Eligibility
4. Procurement and Supply Chain

There are also two key cross-cutting issues:

- A key overarching priority for all STC-related policy should be to prevent failed transitions and ensure sustainability. It is essential that people in need of treatment, prevention and care do not suffer because of premature, poorly planned, and/or under funded transition efforts.
- Currently, interventions for key populations are most negatively impacted by bad transitions. Key populations and communities should instead benefit from the transition and so transition processes should ensure continuation of all essential services at least at the minimum level according to international standards and with no one left behind.

STC Policy Monitoring and Evaluation

Though STC-related policies date to 2007, the formal STC Policy was first adopted in 2016 – too recent for a considered analysis. Currently, it remains unclear what metrics are guiding STC policy implementation or how the Board expects the Secretariat to report back on its work in this area. Clear plans for monitoring and evaluation need to be established. For example, countries facing transition have an urgent need to sustain and scale up life saving treatment, prevention and human rights programs—with virtually no funding sources to fill these gaps. Transition planning must focus on addressing these priorities, and communicating clearly to the Board when transition planning does not mitigate these risks, so appropriate measures can be taken.

Role of the Secretariat, Board and the Strategy Committee:

- The Secretariat should review and evaluate the STC policy by the end of 2018. This should complement the planned TERG follow-up evaluation of both STC and COEs in either 2018/2019.
- In addition to being a standing agenda item at the Board, STC should be discussed by the Strategy Committee at each of its meetings leading to the formal review in 2018.

Establishing a Monitoring Framework:

The GF should review further its plans for monitoring, learning from and strengthening transitions by:

- identifying the elements and stages of transitions and indicators to measure success;
- conducting clear risk assessments (led by the Chief Risk Officer);
- identifying clear risk mitigation strategies and implementing them;
- providing regular, metrics-based progress reports to the Board;
- supporting independent accountability mechanisms (i.e. watchdogs) that can report without bias on the nature and success of transitions;

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- and assessing post-transition environments to further refine success indicators (including, possible, OIG advisory/audit reports as needed).

Thought Leadership:

The Global Fund should take a stronger thought leadership role and convene discussions on STC, eligibility and broader ODA for health with GF stakeholders and the broader community.

Beyond Allocation Sources of Funding for STC

There are a variety of funding mechanisms that can be leveraged to help manage STC at country-level, including: matching funds and strategic initiatives via catalytic investments; portfolio optimisation; and new blended finance mechanisms yet to be fully explored such as loan-buy downs, social impact bonds, and other proposals such as the *Sustainability Bridge Fund*.

In the short term, within Catalytic funding we need the following:

- The immediate primary focus of the Strategic Initiative on Sustainability, Transition and Efficiency should be **on countries undergoing transition with low transition readiness scores and countries that transitioned poorly over the 2014-16 funding period.**
- There is also a strong need for the articulation of **a process for unused funds from catalytic investments or country allocations.** If unutilised funds are available by the end of the funding cycle, they can be helpful to reprogram grants within the current cycle and for immediate needs. Unutilised funds can be used to support innovative regional or national funding mechanisms designed to fund essential services or human rights and advocacy programming during transition. Such resources can also be used to deliver “high impact” interventions in transitioned countries.

Over the medium to long term, the Secretariat should:

- **Develop a clear framework for evaluating, implementing and assessing innovative finance mechanisms** (e.g. social impact bonds, buy-downs, social contracting mechanisms etc.) that move beyond ad-hoc approvals of urgent initiatives. See full policy brief for a more detailed discussion of these mechanisms.

The Case for a Sustainability Bridge Fund:

There remains considerable risk that previously-transitioned countries will again become eligible for Global Fund financing because of service reduction that contributes to increased disease incidence. In cases like Serbia, the gap between eligibility may result in a near collapse of response structures requiring new investments to correct for these losses. The Global Fund and other donor partners, should consider establishing a bridge fund mechanism designed to support civil society to:

- Protect or re-establish services where they have lapsed, especially for harm reduction or peer-led service outreach programs for key and vulnerable populations
- Advocate for the establishment of legal and regulatory provisions for domestic financing of HIV, TB, and/or malaria services.
- Advocate for price control for medicines through pooled procurement mechanisms and TRIPS flexibilities.
- Advocate for human rights and gender equality programs as part of national disease and health programs.

Funding for this Bridge Fund could come from the Global Fund's catalytic funding stream, unutilized funds, Private Foundations, the Private Sector and/or interested bilateral donors.

Eligibility

Though the eligibility policy was amended at the 35th board meeting, the criteria used to assess eligibility have not changed for at least 10 years. Both the Strategy Committee and the Secretariat have expressed an openness to re-evaluating criteria in time for the 2020 eligibility assessment. To meet this deadline, new criteria would need to be finalized by 2018. **The Secretariat should outline this process before the next Strategy Committee meeting.**

In addition to eligibility criteria, three additional elements should be reviewed:

1. **Measures of disease burden:** particularly identifying the eligibility impact of changing TB metrics from case finding to incidence and adopting a more representative measurement scale for key populations.
2. **Mechanisms to support non-state actors in transition countries:** evaluating the NGO rule to identify positive and negative lessons; and identifying flexibilities that support non-state actors to maintain and build on the gains made in the three diseases through and beyond times of transition away from Global Fund grants.
3. **Identify additional flexibilities within the Global Fund's policies to support countries that have never been eligible but who need emergency support** to access affordable commodities or to address crises. E.g. Venezuela.

Procurement and Supply Chain

Approximately half of all Global Fund financing is currently used to finance commodities making procurement and supply chain vital pieces to any transition plan. Thus the following steps should be taken:

- The Secretariat should **communicate clearly to CCMs and national governments** (through country visits and formal communications) that **addressing procurement challenges is a critical aspect of transition readiness.**
- In addition, the Secretariat and the Board should **ensure sufficient risk assessments are carried out and support is provided for countries to access affordable commodities before and after transition.** Such analysis could provide valuable insights to be used by the Board in order to strengthen how transitioning and transitioned countries sustain the procurement of commodities. These assessments should focus on all procurement-related support provided by the Global Fund (e.g. technical support regarding legislation and processes to encourage registration and generic competition) and not focused solely on Wambo.
- Wambo has potential to be highly beneficial for transitioning countries (in terms of transparency and accountability, and increased cost-effectiveness of procurement systems). **The specific benefits and risks of using Wambo for MICs and transitioning or transitioned countries should be properly evaluated in Pilot 1b and contribute to a broader assessment of procurement.**
- **The Global Fund should retain and enhance support to alternative methods to help drive down drug prices.** These should include: the use of TRIPS flexibilities; increased engagement to assure wider voluntary licenses with a broader geographic scope; more flexibility and measures to strengthen prequalification and collaborative registration through WHO; and improving registration at the national level through engagement with companies, international institutions and most importantly, the relevant governments.