

# ADVOCACY BRIEFING

## INVESTMENT CASE FOR GLOBAL FUND SIXTH REPLENISHMENT



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# GLOBAL FUND ADVOCATES NETWORK (GFAN)

## STATEMENT

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GFAN welcomes The Global Fund's call to 'Step Up The Fight!' in the Investment Case for its Sixth Replenishment. The Investment Case rightly argues that the world is off track to reach the 2030 Sustainable Development Goal (SDG) targets for AIDS, TB and Malaria.

**GFAN is concerned however that the Fund's replenishment target of at least US\$14 billion will not be enough to step up to Get Back on Track:**

- A US\$14 billion replenishment would seem to imply investments (country allocations) at very close to the same level as in the previous replenishment, which would result in maintenance levels of funding which the Fund itself says risks resurgence, more new infections, loss of lives that could be prevented and loss of gains achieved in the fight against the diseases.
- A US\$14 billion replenishment leaves a funding gap of US\$18 billion in Global Fund eligible countries. This funding gap includes essential interventions that are needed to step up and get back on track.
- At the same time, expectations of domestic investments are optimistic and expectations of bilateral investments lack ambition.

GFAN therefore calls on all donors to support the Global Fund with at least US\$18 billion<sup>1</sup> at the Sixth Replenishment, US\$4 billion above and beyond the US\$14 billion minimum funding need expressed in the Investment Case.

In order to achieve the Global Fund's strategy and get us back on track to end the epidemics we collectively need to fully fund the Global Fund and close the US\$18 billion funding gap.



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# ADVOCACY BRIEFING

## INVESTMENT CASE FOR GLOBAL FUND

### SIXTH REPLENISHMENT

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Founded in 2002, the Global Fund is a partnership between governments, civil society, the private sector and people affected by the diseases. The primary role of the Global Fund is to raise and invest funding to support country programs aiming to end epidemics of HIV, tuberculosis and malaria, in alignment with the global Sustainable Development Goals and with technical partner global plans (the Fast Track Strategy to End AIDS, the Global Plan to End TB, and the Global Technical Strategy for Malaria).

The Global Fund raises funding through three-year “replenishment” campaigns. Each of these replenishment campaigns is supported by an “investment case” which provides detail about the Global Fund’s fundraising targets and the rationale for and potential impact of these investments.

The Global Fund is now launching its Sixth Replenishment to raise funding for programming during 2021-2023. On 22 January 2019, the Global Fund Secretariat released the summary of its Investment Case. On 8 February 2019 in New Delhi, at a preparatory meeting hosted by the government of India, the Global Fund presented its full Investment Case to its partners for discussion. The Global Fund and all of its partners will work to mobilize donor funding commitments for the replenishment targets, with a key aim of securing maximum commitments in advance of a 10 October 2019 Replenishment Conference to be hosted in Lyon by the government of France.

#### Calculations show that every US\$100 million invested in Global Fund-supported programs will:

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- Save 114,000 lives through programs supported by the Global Fund, and;
- Avert 1.7 million new infections or cases across the three diseases, and;
- Spur domestic investment of US\$300 million toward the three diseases, and;
- Create US\$1.8 billion in economic returns through health gains, and
  - Provide antiretroviral therapy for 190,000 people, and;
- Provide medicine for 20,000 mothers to prevent transmitting HIV to their babies, and;
  - Provide TB treatment and care for 133,000 people, and;
- Provide 6,900 people with treatment for multidrug-resistant TB, and;
- Distribute 5.3 million mosquito nets to protect children and families from malaria, and;
- Provide indoor residual spraying for 565,000 households to protect children and families from malaria.

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Source: The Global Fund Secretariat

## SUMMARY OF THE GLOBAL FUND INVESTMENT CASE

### & KEY ADVOCACY MESSAGES

**The Global Fund is seeking to raise at least US\$14 billion for programming during 2021-2023.**

- The Investment Case argues that the world is off track to reach the 2030 Sustainable Development Goal (SDG) targets for AIDS, TB and Malaria. It sounds the alarm that if we do not significantly step up the financing and action necessary for a serious course correction now, the world will see resurgence and the reversal of the critical gains that have been made in recent years.
- The minimum US\$14 billion target represents a **15% increase of donor contributions of US\$1.8 billion** over the US\$12.2 billion (current value) raised during the Fifth Replenishment period.
- The US\$14 billion target represents **the minimum required** to achieve the Global Fund strategy goals. The Investment Case clearly states that if more than \$14 billion were raised it would enable to the Global Fund “to be a powerful driver of progress towards the achievement of the overall SDG3 goals by 2030”<sup>2</sup>.
- The Investment Case assumes US\$13.1 billion available for allocations. If the current global disease split of the 2017-2019 allocation methodology is used (i.e. 50% HIV, 18% TB, 32% malaria), the total replenishment would amount to:
  - US\$6.5 billion distributed by the Global Fund for programs targeted to HIV,
  - US\$2.4 billion distributed for TB programming, and
  - US\$4.2 billion distributed for malaria programming.
- The minimum US\$14 billion includes adjustments that will follow before the

available funds for country allocations can be determined. These adjustments are for issues such as Catalytic Funding, Technical Assistance and the budget for the Operational Expenses of the Global Fund Secretariat. This would mean that the amount available for country allocations is likely to be US\$12 – US\$12.5 billion.

- The Investment Case builds on the Global Funds impressive record of achieving results and innovation and presents a clear focus on optimizing investments through leveraging domestic investments, enhanced collaboration with partners, and the use of new diagnostics, delivery models and innovative financing mechanisms.



## AN INCREASED ASK OF DONOR COUNTRIES, BUT IS IT ENOUGH?

The Global Fund Advocates Network (GFAN) commends the Global Fund for developing a case for mobilizing resources that clearly iterates how we are off-track to meeting the Global Plans for each of the 3 diseases and for expressing the urgent need to mobilize increased funding from donors and implementing governments.

- We appreciate that the investment target is based on increased evidence and up to date use of available data.
- We express concern that some of the data are optimistic (such as the expectations regarding domestic investments) and some are maybe too conservative (such as the funding needs for TB).

- The proposed 15% increase (a US\$1.8 billion increase over US\$12.2 billion raised previously) may actually mean that there will NOT be an increase of the allocations to countries.

The 5th replenishment ended with US\$12.9 billion in pledges:

- The real value of that outcome to date is US\$12.2 billion, which means that we need to assume as much as US\$.07bn for currency fluctuations.
- On top of this we need to compensate for the US\$1.1 billion carry over funds that were available for the 5th Replenishment but are not expected this for the 6th.
- To reach the same level we need to compensate for both the FOREX differences and the carry-over which brings us already at a US\$14 billion funding need for only maintenance (12.2 + 0.7 + 1.1).
- The Investment Case itself<sup>3</sup> provides the background as to why maintaining current efforts carries a risk of epidemics out pacing the response, thereby escaping control and increasing future costs in lives, development and global security.
- Since maintenance levels of funding will not be enough to get back on track, **GFAN continues to advocate for US\$16.8 - US\$18 billion for Global Fund replenishment to fund programming, and notes that even US\$18 billion is modest in light of the significant resource gap of US\$18 billion as identified by the Global Fund and technical partners in the Investment Case.**



PHOTO: Mirriam Banda Chisamba, GFAN Speaker, counseling a young malaria patient at a clinic in the Katete District, Zambia

## OVER-OPTIMISTIC EXPECTATIONS OF DOMESTIC INVESTMENTS?

The Global Fund projects that **domestic resources of US\$45.8 billion** (a 48% increase) will be available for the fight against the three diseases over the 2021-2023 period in the 123 countries eligible for Global Fund funding. The Investment Case very clearly makes the case that achieving the Global Fund targets and is only possible when all funding streams work together.

The Domestic Financing assumptions in the Investment Case imply an annual increase of 14% in mobilization of domestic resource for programming against the three diseases. This projected increase is based on the Global Fund's experience during the past three years of having secured increases in domestic resource commitments through the Fund's country co-financing agreements.

The Global Fund projects that other international assistance of US\$23.2 billion will be available for programming against the three diseases during 2021-2023. This amount is based on data about development assistance for health (DAH) from the Institute of Health Metrics and Evaluation (IHME) and assumes that the most recently documented levels of DAH for HIV, tuberculosis and malaria will not significantly increase or decrease but will instead remain constant during the three years of 2021-2023.

- We understand and appreciate the Global Fund's experience and accumulated data that shows that country commitments for domestic resource allocations for HIV, tuberculosis and malaria, as committed in Global Fund grant agreements, have aligned well with projections of potential domestic resource allocations as calculated based on each country's economic capacity and disease burden through the Domestic Investment Priority Index (DIPI) methodology.
- We caution however that the expected economic growth in low- and middle-income countries will not always translate to the same level of increases in domestic investments in health. GFAN notes the important work of the African Union and the Global Fund on the Scorecard, which clearly shows that countries are generally off-track when it comes to domestic investments in health.
- We therefore welcome the conversation taking place at the Africa Leadership Meeting on the future of financing for health.
- Although increased domestic resource allocations for HIV, tuberculosis, and malaria demonstrate the success of the Global Fund partnership with countries, we are concerned that these increases come at the expense of other investments in health overall (especially in countries where health investments overall are not increasing).
- We note the conservative Global Fund assumption that official Development Assistance for Health (DAH) for HIV, tuberculosis and malaria will not significantly increase during the coming three years, and call on donor governments to continue to increase international assistance for health to achieve the targets set in the Sustainable Development Goals.
- Finally, we note that the Investment Case states that at the minimum \$14 billion level for the 6th Replenishment, "the Global Fund would not have the capacity to offset any shortfall in the projected increase in domestic resource mobilization"<sup>4</sup> meaning that the success of the Global Fund in reaching its strategy if only US\$14 billion is mobilized is heavily dependent on external factors.

## AN IRRESPONSIBLE GAP?

The Global Fund projects that its target of US\$14 billion and US\$69.1 billion of other resources – US\$83 billion in total - **will address 82 percent of a US\$101 billion total resource requirement** to meet the targets set in the Global Plans, **leaving a US\$18 billion gap.**

The \$101 billion includes **total resource needs during 2021-2023 of US\$54 billion for HIV; US\$27 billion for TB; and US\$20 billion for malaria.** These resource needs are calculated using the Global Plans of the Fund's technical partners<sup>5</sup>.

Reaching the Global Fund's minimum US\$14 billion target along with domestic resource mobilization of US\$45.8 billion and other international assistance of US\$23.2 billion would leave a US\$18 billion gap.

**The Global Fund asserts that it is not complacent about this gap and is committed to narrowing this gap** by seeking to raise more than US\$14 billion for the Global Fund if possible, encouraging and incentivizing increased domestic resource mobilization, and advocating for increases in other forms of international assistance.

- GFAN appreciates that the Global Fund Investment Case articulates not only the Global Fund's fundraising targets but also the broader resource needs of the field.
- A so far unanswered question is whether the resources used to determine the Global Fund's funding need are only based on the (older) Global Plans, or include adjustments that reflect recent significantly increased resource needs for TB (and maybe also malaria)?
- We note that the gap includes funding needs of Global Fund eligible countries – countries for which the Global Fund was established and where the Fund has committed to contribute to ending the epidemics.
- Since the at least US\$14 billion Global Fund target reflects maintenance or only a slightly above maintenance level, the US\$18 billion funding gap represents a need for investments in essential interventions to step up and get us back on track.
- **We call on the Global Fund to not only present the US\$14 billion as a minimum, but to develop an ambitious resource mobilization action plan to address the funding gap and get us closer to ending the epidemics.**

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### Endnotes

1 GFAN Get Back on Track Report: <http://www.globalfundadvocatesnetwork.org/wp-content/uploads/2018/07/Get-back-on-Track-Full-Report-FINAL.pdf>

2 Quoted from the advanced copy of The Global Fund Investment Case, page 32

3 Quoted from the advanced copy of the Global Fund Investment Case, page 27, 29 and 30

4 Quoted from the advanced copy of the Global Fund Investment Case, page 32

5 Fast Track Strategy to End AIDS; the Global Plan to End TB; and the Global Technical Strategy for Malaria.



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The report is available online at:  
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