

# **Catalytic Investments for the 2023-2025 Allocation Period 47<sup>th</sup> Board Meeting**

GF/B47/04 Revision 1

10-11-12 May 2022, Geneva / Virtual

## **Board Decision**

Purpose of the paper: This paper presents for Board approval the priorities, amounts and funding scenarios for the Catalytic Investments for the 2023-2025 Allocation Period.

## **Decision**

### **GF/B47/DP06: Catalytic Investments for the 2023-2025 Allocation Period**

**Based on the recommendation of the Strategy Committee, as presented in GF/B47/04 – Revision 1, the Board:**

- 1. Acknowledges that the total amount of sources of funds for allocation for the 2023-2025 allocation period will be decided by the Board in November 2022, based on the recommendation of the Audit and Finance Committee following announced replenishment results from the 7<sup>th</sup> Replenishment;**
- 2. Approves that the total amount of funding for catalytic investments in the 2023-2025 allocation period (“Catalytic Investments”) will be determined by the total amount of sources of funds for allocation for the 2023-2025 allocation period;**
- 3. Approves Catalytic Investments for the 2023 –2025 allocation period, based on the total amount of sources of funds for allocation, as set forth in Table 1 of GF/B47/DP06;**
- 4. Agrees that in the event that sources of funds for allocation for the 2023-2025 allocation period are above the midpoint of the funding range specified for any scenario in Table 1 of GF/B47/DP06, the Secretariat may recommend to the Board to approve additional amounts for Catalytic Investments (up to 50% of the difference in total catalytic funding for the applicable scenario and the next higher funding scenario) to be invested in the priority areas for the next higher funding scenario in Table 1 of GF/B47/DP06;**
- 5. Acknowledging that additional refinements may be required to the catalytic investment amounts for the priorities under the “RSSH/Cross-Cutting” section of Table 1 to GF/B47/DP06, delegates authority to the Strategy Committee to approve, within such RSSH/Cross-Cutting section (with the exclusion of the Emergency Fund priority): (i) a decrease in the amount of any priority by up to 15% and (ii) the inclusion of such decreased amounts within another priority in this group. Any changes made under this paragraph will be approved by the Strategy Committee at its July 2022 meeting, and will be informed by input to be provided by the Secretariat as described in paragraph 6.ii below**
- 6. Approves that the Secretariat will:**
  - i. operationalize Catalytic Investments, considering TRP and TERG recommendations as well as available program and financial performance data from ongoing catalytic investments, and work with partners to ensure that Catalytic Investments have clear objectives, expected outcomes and impact and transparency in the investment decisions on geographic prioritization and country selection;**
  - ii. update the Strategy Committee, at its July 2022 meeting, on the status of such operationalization and planned next steps, and report, bi-annually, to the Strategy Committee and Board thereafter on further operationalization;**
  - iii. have flexibility, within the total amount of funding for Catalytic Investments, to increase or decrease the amount for any approved priority up to 15% and report to the Strategy Committee on any such changes; and**
  - iv. present any increase or decrease of an amount for any approved priority above 15% to the Strategy Committee for approval; and**

7. Agrees that the Secretariat will have delegated authority to increase the amount of funding available for 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, and that paragraph 6.iv above will not apply to increases to the Emergency Fund. Any increase above 50% will be presented to the Board for its urgent, no-objection approval.

**Budgetary Implications: Associated management costs for Catalytic Investments will be covered by Catalytic Investments and/or operating expenses as applicable.**

**Table 1 to GF/B47/DP06:**

Strategy Goal or Objective	Priority	Indicative Modality	US\$16 and Over	US\$15-16b	US\$14-15b	US\$13-14b	US\$12-13b
End AIDS	Prevention for key populations, AGYW and sexual partners	MF	\$107	\$87	\$78	\$73	\$24
	Implementation support for innovation, precision and scale in HIV prevention	SI	\$12	\$10	\$9	\$0	\$0
	Key populations sustainability and impact	MC	\$41	\$34	\$30	\$28	\$0
	<b>HIV Incidence Reduction Total</b>		<b>\$160</b>	<b>\$131</b>	<b>\$117</b>	<b>\$101</b>	<b>\$24</b>
End TB	Find and successfully treat the missing people with DS-TB and DR-TB	MF	\$179	\$161	\$152	\$123	\$82
	Scale up TB prevention	MF	\$54	\$48	\$45	\$37	\$0
	Country readiness for innovation and quality TB programming	MF	\$18	\$16	\$15	\$12	\$0
	Technical support to the TB matching funds	SI	\$16	\$13	\$12	\$11	\$0
	<b>End TB: Accelerate progress to End TB by 2030 Total</b>		<b>\$267</b>	<b>\$238</b>	<b>\$224</b>	<b>\$183</b>	<b>\$82</b>
End Malaria	Biologic threats in malaria case management in Africa	SI	\$20	\$16	\$14	\$13	\$0
	E2030: Drive towards elimination and facilitate prevention of reestablishment	SI	\$7	\$6	\$5	\$0	\$0
	Malaria Elimination in Southern Africa	MC, MF	\$13	\$11	\$10	\$10	\$0
	Resistance to Artemisinin Initiative (RAI)	MC	\$110	\$100	\$100	\$80	\$50
	Regional Coordination and targeted Technical Assistance (RCTA)	SI	\$9	\$7	\$7	\$0	\$0
	Addressing vector control threats and opportunities: supporting country readiness for an expanding toolbox	SI	\$16	\$13	\$12	\$11	\$0
	<b>Malaria Total</b>		<b>\$175</b>	<b>\$153</b>	<b>\$148</b>	<b>\$114</b>	<b>\$50</b>
Maximizing People-centered Integrated Systems for Health	Empowering regional reference laboratories and national diagnostic networks	SI, MC	\$33	\$27	\$24	\$0	\$0
	Data	SI	\$29	\$24	\$21	\$0	\$0
	Equitable access to quality health products through innovation, partnership, and promoting sustainable sourcing and supply chains at global, national and community levels (NextGen Market Shaping)	SI, MF	\$140	\$85	\$49	\$23	\$0
	Incentivizing RSSH quality and scale	MF	\$60	\$40	\$30	\$20	\$0
Maximizing Health Equity, Gender Equality and Human	Effective community systems & responses (CS&R) contributing to improved health outcomes, equitable access to integrated people-centered quality services	MF, SI	\$90	\$74	\$66	\$61	\$0
	Community engagement	SI	\$20	\$18	\$18	\$15	\$14
Mobilizing Increased Resources	Scaling up programs to remove human rights and gender related barriers	MF, SI	\$49	\$40	\$36	\$33	\$20
	Health Financing	SI	\$37	\$30	\$27	\$20	\$0
End AIDS, TB, Malaria	Emergency Fund	SI	\$40	\$40	\$40	\$30	\$10
	<b>RSSH / Cross-Cutting Total</b>		<b>\$498</b>	<b>\$378</b>	<b>\$311</b>	<b>\$202</b>	<b>\$44</b>
Amounts in US\$m	TOTAL		<b>\$1,100</b>	<b>\$900</b>	<b>\$800</b>	<b>\$600</b>	<b>\$200</b>

A summary of relevant past decisions providing context to the proposed Decision Point can be found in Annex 3.

# Executive Summary

## Context

- The 2023-2025 allocation period marks the start of the six-year 2023-2028 Strategy: Fighting Pandemics and Building a Healthier and More Equitable World (the ‘Strategy’)<sup>1</sup>. Together with country allocations and other levers, catalytic investments for the 2023-2025 allocation period are important to address mission critical needs in the delivery of the new Strategy. To recommend catalytic investments for the 2023-2025 allocation period, the Secretariat, Strategy Committee (SC) and technical partners reviewed lessons learned and progress of existing catalytic priorities and considered potential new priorities necessary to deliver the Strategy, in line with the prioritization approach endorsed by SC and presented to the Board in November 2021.<sup>2</sup> As the Board is requested to approve the catalytic investments before the outcome of the replenishment is known, the recommended catalytic priorities are grouped under different funding scenarios. This paper provides an overview of the approach to develop the catalytic investments and the outcomes under different funding scenarios.

## Questions this paper addresses

- What are the catalytic priorities recommended by the SC and Secretariat for the 2023-2025 allocation period?
- How were the recommended catalytic priorities determined?
- How are the recommended catalytic priorities and amounts grouped under different funding scenarios?

## Conclusions

- This paper presents the SC-recommended catalytic priorities for the 2023-2025 allocation period in Table 1 of GF/B47/DP06 (“Table 1”). They build on lessons learned from the 2020-2022 allocation period, including those identified by the Technical Evaluation Reference Group (TERG) and the Technical Review Panel (TRP).
- The recommended catalytic priorities were determined based on a prioritization approach endorsed by the SC and presented to the Board in 2021<sup>3</sup> that considered both the strategic impact and the operational feasibility of addressing these priorities through country allocations or set-aside funding. Some catalytic investments from the 2020-2022 allocation period have been recommended to be discontinued, either because they will have achieved their catalytic effect or could be responded to effectively through country allocations or other sources of funding in the 2023-2025 allocation period. Strategy implementation planning has closely considered both catalytic priorities and other levers

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<sup>1</sup> <https://www.theglobalfund.org/en/strategy/>

<sup>2</sup> [GF/SC17/13](#)

<sup>3</sup> [GF/SC17/26](#)

needed to effectively deliver on the strategic goals and objectives. The recommended priorities are based on in-depth consultations with technical partners, input from the TERG thematic evaluations of strategic initiatives and multi-country catalytic grants, and lessons learned from the current cycle.

- To enable sufficient time for effective operationalization and integration into allocations immediately after the 7<sup>th</sup> replenishment, the Board is requested to approve the scenarios of catalytic priorities and amounts as recommended by the Strategy Committee. As this will be before the replenishment outcome is known, the recommended catalytic priorities and amounts for the 2023-2025 allocation period are grouped into funding scenarios of US\$200 million to US\$1.1 billion and provided in Table 1. The amounts for catalytic investments under different scenarios have been designed to ensure appropriate scale-up of country allocations.

### **Input Sought**

- The Board is requested to approve the following Decision Point on the recommendation of the SC:
  - Decision Point: GF/B47/DP06: Catalytic Investments for the 2023-2025 Allocation Period

### **Input Received**

- SC15 (March 2021): SC review of the TRP 2020 Lessons Learned from Strategic Initiatives (SIs)
- SC17 (October 2021):
  - SC endorsement of the Catalytic Investments 2023-2025 Prioritization Criteria
  - SC discussion on the Global Disease Split
  - SC discussion on the TERG Strategic Initiatives Review and the TERG Multi-country Review<sup>4</sup>
  - SC discussion on the results of the 2017-2019 SIs and the first semester results of the 2020-2022 SIs
- B46 (November 2021): Board decision GF/B46/DP04 requesting the Secretariat to present a proposal to leverage catalytic investments for the 2023-2025 allocation period to mobilize additional resources to reduce deaths from tuberculosis.
- Interim Strategy Committee call (17 February 2022): Initial SC input on the proposed catalytic priorities and indicative modalities.
- SC18 (28-29 March and 4 April 2022): The SC broadly supported the proposed catalytic priorities. Regarding the indicative modalities, the SC welcomed the increase in the use of Matching Funds, while expressing the need to limit the use of SIs noting the challenges identified by the TERG and Secretariat. The SC strongly reinforced the need for the catalytic investments to continue to be closely linked to the Strategy implementation

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<sup>4</sup> [GF/SC17/13](#), slide 8

process, and underlined the importance of better harmonization between catalytic investments and country grants. SC members highlighted the need for systematic analysis of performance data and lessons learned in the design and operationalization of catalytic investments. The SC emphasized the importance of setting clear objectives and expected outcomes for catalytic investments, as well as a strong monitoring and evaluation (M&E) framework to measure impact. The majority of the SC was either in support of or had no objection against capping the total amount for catalytic investments below the Secretariat's proposal of US\$1.34 billion in the highest funding scenario, with several constituents supporting a cap of US\$1.1 billion, while an US\$800 million cap was also proposed. The SC recommended to cap catalytic investments at US\$1.1 billion in scenarios where sources of funds for allocation are US\$16 billion and over.

# Report

## What is the need or opportunity?

1. As described in the allocation methodology recommended in GF/SC18/06, from the sources of funds available for allocations, the Board can decide to set aside funding for catalytic investments to support country allocations in accelerating progress towards the aims of the Global Fund Strategy 2023-2028. Catalytic investments are intended to maximize the impact and use of available funds for priorities that cannot be adequately addressed through country allocations alone yet are important to ensure that Global Fund's investments deliver on its new Strategy. Independent reviews from the TERG<sup>5</sup> and TRP<sup>6</sup> have found that catalytic investments are generally well positioned to address programmatic needs, contribute to strategic objectives, and add value.
2. This paper sets forth the catalytic priorities recommended for the 2023-2025 allocation period and their proposed budget envelopes under different funding scenarios. As the Board decision is before the replenishment outcome is known, the Board is requested to approve scenarios for catalytic investments, based on the sources of funds available for allocation. As such, the amounts for the recommended catalytic priorities are scaled down in lower funding scenarios. The SC recommendation on catalytic investments in March/April 2022 and a subsequent Board decision in May 2022 will be critical to enable the timely operationalization of catalytic investments for the 2023-2025 allocation period as part of the preparations to implement the new Strategy.

## What do we propose to do and why?

### Process for determining catalytic priorities

3. The Secretariat, in close consultation with technical partners, led the process to determine the recommendations for catalytic priorities for the 2023-2025 allocation period. Between January 2022 and March 2022, disease-specific and cross-cutting consultations were held with partners on catalytic priorities. The partners consulted included members of the HIV, TB and malaria forums, technical partners at global and regional levels from RSSH areas including health financing, as well as partners from civil

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<sup>5</sup> TERG Thematic Evaluation of Multi-Country Catalytic Investment Grants, 2021 and TERG Thematic Evaluation of Strategic Initiatives, 2021, available at: <https://www.theglobalfund.org/en/technical-evaluation-reference-group/evaluations/thematic-reviews/>

<sup>6</sup> 2020 Technical Review Panel Lessons Learned, available at [https://www.theglobalfund.org/media/10771/trp\\_2020-lessonslearned\\_report\\_en.pdf](https://www.theglobalfund.org/media/10771/trp_2020-lessonslearned_report_en.pdf)

society and communities. Figure 1 lists a summary of the partner consultations on catalytic investments.

4. The aim of the consultations was to seek partner input on the most critical catalytic priorities. The consultations helped identify which 2020-2022 catalytic investments have demonstrated high performance and remain relevant in the current context, which ones are to be discontinued and whether there are any new priorities to be considered. Partner consultations were informed by relevant reviews and lessons learned from the TERG, the TRP, as well as performance information from 2017-2019 and 2020-2022 catalytic investments where available. The catalytic priorities presented in this paper are the recommendations of the Secretariat, based on the extensive feedback received from partners and the application of the prioritization approach endorsed by the SC at its 17th meeting<sup>7</sup> (see following section).

**Figure 1: Partner consultations on 2023-2025 Catalytic Investments**

Partner Forums	Dates
HIV Situation Room	10, 14 and 21 February 2022
TB Situation Room	26 January 2022 4 and 9 February 2022; 2 and 9 March 2022
Malaria CRSPC	7, 9, 15,16, 25 February 2022
Joint Working Group	22 February 2022
Joint Partner Consultation	28 February 2022; 1 March 2022
CRG Advisory Group	4 March 2022

## Principles and approach

5. Funding for catalytic investments is driven by two principles: (1) to invest to maximize impact and use of available funds, to achieve the aims of the 2023-2028 Strategy; and (2) to invest in priorities that are unable to be addressed through country allocations alone yet are critical to ensure the Global Fund’s investments are positioned to deliver against its strategic aims. Development of catalytic investments has been closely coordinated with and linked to Secretariat planning for Strategy implementation, with catalytic funding prioritized as a lever where required or where other levers will be insufficient for delivery.
6. Catalytic investments are implemented through three modalities:
  - a. *Matching Funds (MF)*: to incentivize the programming of allocations in selected countries towards key priorities of the Strategy;
  - b. *Multi-Country (MC) approaches*: to target a limited number of strategic priorities deemed critical to meet the aims of the Strategy and better addressed at a multi-country level;

<sup>7</sup> [GF/SC17/26](#), page 15



c. *Strategic Initiatives (SIs)*: to provide limited funding for centrally managed approaches that cannot be fully addressed through country allocations alone due to their cross-cutting or off-cycle nature, but critical to ensure country allocations deliver against the Strategy.

7. Based on the above principles, the proposed catalytic priorities were developed in line with the SC-endorsed prioritization approach to assess the strategic impact and operational considerations of all existing and potential new catalytic priorities for the 2023-2025 allocation period (see Figure 2).

**Figure 2: Catalytic Investments Prioritization Criteria for 2023-2025<sup>8</sup>**

GF/SC17/13

## Catalytic Investments Prioritization Criteria for 2023-2025

<b>Strategic Impact</b>	<b>Potential for increased impact</b>	<input type="checkbox"/> <b>Priority area should contribute to mission critical needs in the delivery of the Global Fund Strategy in terms of:</b> <ul style="list-style-type: none"> <li>• A critical, underperforming or new area that contributes to Strategic Objectives and Strategic KPI's</li> <li>• Not sufficiently addressed by other funding sources</li> </ul>
	<b>Catalytic effect</b>	<input type="checkbox"/> <b>What is the primary catalytic effect for the next cycle?</b> <ul style="list-style-type: none"> <li>• <b>More:</b> incentivize increased funding from allocations to priority areas and/or additional funding outside of Global Fund</li> <li>• <b>New:</b> initiate new or innovative activities for more efficient and impactful programming</li> <li>• <b>Improved:</b> enable more effective use of country allocations and coordinated responses for cross-border contexts</li> <li>• <b>Faster:</b> accelerate implementation of specific priorities</li> </ul>
	<b>Risk if not funded</b>	<input type="checkbox"/> <b>Assessment of potential adverse impact of not funding the priority:</b> <ul style="list-style-type: none"> <li>• Direct epidemiological risk, e.g., rising incidence, resurgence, drug resistance</li> <li>• Programmatic risk, e.g., affecting service delivery, systems</li> </ul>
	<b>Operational</b>	<input type="checkbox"/> <b>Prioritization based on the degree to which investment can be made effectively based on:</b> <ul style="list-style-type: none"> <li>• <b>Modality:</b> must be implemented as set-aside funds or significant disadvantage when implemented in country allocations</li> <li>• <b>Comparative advantage:</b> an area where the Global Fund can play a central role, even with limited funds, and where there is complementarity with other partners</li> <li>• <b>Competency:</b> an area in which the Global Fund has demonstrated the ability to deliver results</li> <li>• <b>Capacity:</b> an area which the Global Fund currently has the resources to deliver results</li> </ul>
<b>Operational</b>	<b>Effectiveness of funding as a catalytic modality</b>	

8. As part of the prioritization approach, the strategic impact criteria assessed a catalytic priority's potential for increased impact, based on its contribution to the Global Fund's Strategy, the expected catalytic effect, and the epidemiological or programmatic risk if the priority would not be funded in the 2023-2025 allocation period.

9. The operational criteria assessed whether a priority must be implemented through set-aside funds for the investment to be made effectively, and the Global Fund's comparative advantage, competency, and capacity in addressing the priority area. The Secretariat took a comprehensive view in considering all existing Global Fund mechanisms and levers to determine how priorities would be most effectively operationalized.

10. The 2023-2028 Strategy was the starting point for the identification of priorities for catalytic investments. All recommended priorities focus where catalytic investments were identified as an optimal lever to help ensure the Global Fund delivers against the Strategy's goals and objectives, as well the Strategy's 10 Key Changes. Available

<sup>8</sup> GF/SC17/13

information on epidemiological context and Global Fund key performance indicators helped determine the strategic need of priority areas, while the evolution of continuing investments was informed by evidence of catalytic effect per TERG findings and past performance.<sup>9</sup>

11. Based on the input from the SC as well as lessons learned, the Secretariat has considered using Matching Funds wherever possible. Matching Funds enable greater country ownership and are monitored within overall grant performance frameworks, thereby promoting greater harmonization between catalytic investments and country grants. In addition, the TERG has highlighted that the MC approaches and SIs have been complex to manage and have high transaction costs. However, the Secretariat notes that certain priorities can only be effectively addressed through either MC approaches or SIs, for example malaria elimination certification and regional HIV advocacy efforts that are best addressed in a MC approach, or priorities that require centrally managed approaches such as NextGen Market Shaping.
12. Pandemic preparedness has been embedded in relevant areas for catalytic investments, while noting that this is an evolving objective. Efforts to strengthen pandemic preparedness most closely related to HIV, TB and malaria responses have been integrated in the recommended catalytic priorities that build people-centered integrated systems for health, including laboratories, data, and community systems and responses.

### Recommended catalytic priorities

13. The SC-recommended catalytic priorities for the 2023-2025 allocation period are presented in Table 1. A link to the detailed proposals of all catalytic priorities is available in Annex 1. The proposals describe the rationale, potential for increased impact and expected catalytic effect, theory of change and operational considerations, as well as the proposed scope and modality. For catalytic investments that have been proposed to continue, the proposals outline progress to date and expected evolution.
14. Six new catalytic priorities are recommended for the 2023-2025 allocation period, emphasizing key areas with greater focus in the new Strategy where catalytic investments were identified as an optimal lever:
  - a. Equitable access to quality health products through innovation, partnership, and promoting sustainable sourcing and supply chains at global, national and community levels (NextGen Market Shaping);
  - b. Community systems strengthening and responses;
  - c. Addressing vector control threats and opportunities: supporting country readiness for an expanding toolbox;
  - d. Biologic threats to case management for malaria;

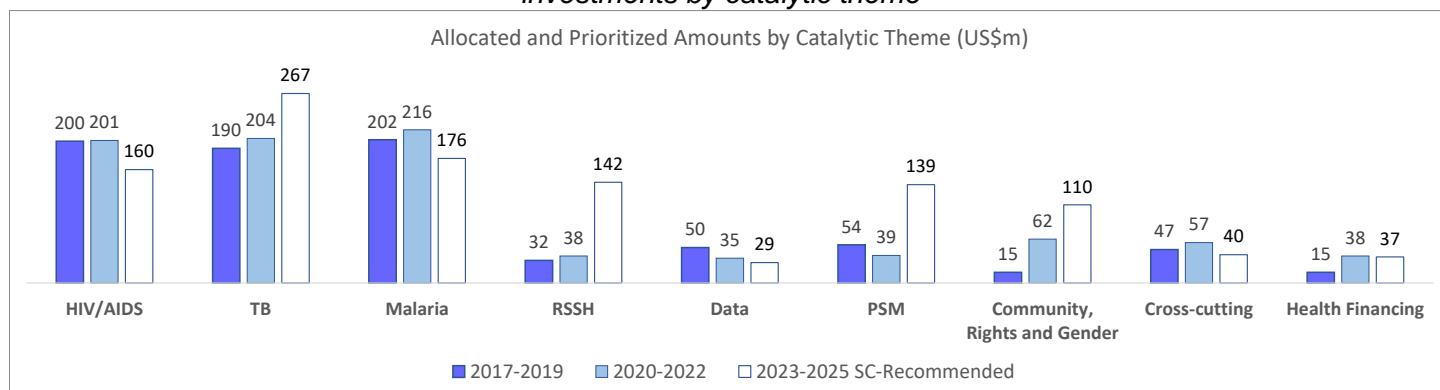
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<sup>9</sup> See 'Progress to Date' in detailed proposals linked in Annex 1.

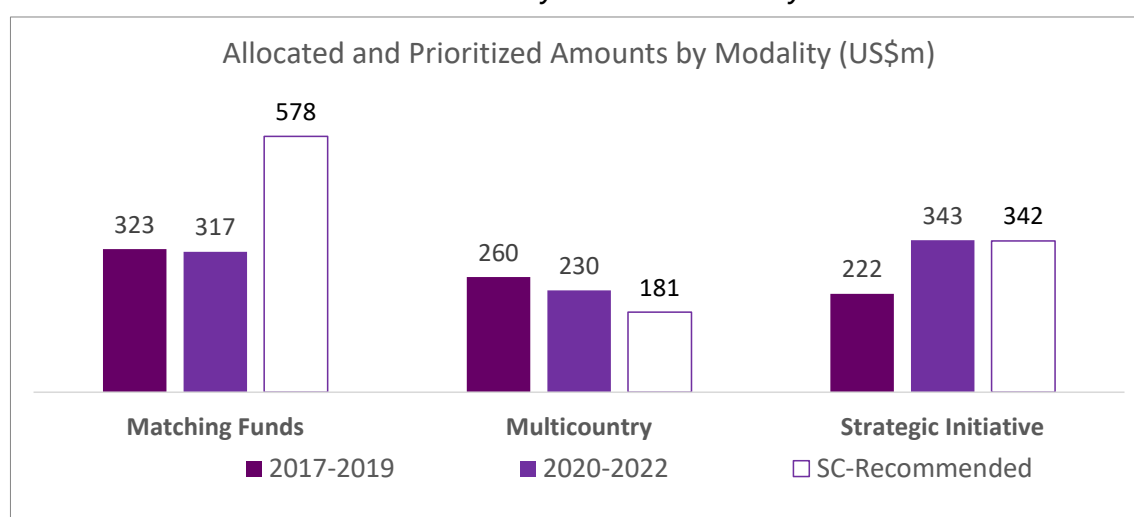
- e. Country readiness for innovation and quality TB programming; and
- f. Incentivizing RSSH quality and scale.

15. Overall, the increase in catalytic funding is driven by a greater emphasis on innovation, such as NextGen Market Shaping, or areas in the Strategy that need more focused support, such as TB, communities and RSSH.
16. Among the new proposed priorities is a matching fund for incentivizing RSSH scale and quality to accelerate the delivery of people-centered integrated health systems, a key shift outlined in the Strategy. Given the need to increase the impact of RSSH investments, the priority aims to incentivize and reward strong RSSH funding requests and National Health Strategic Plans that set out robust, equitable, efficient and sustainable approaches for building integrated people-centered systems and services. The proposed Matching Funds will be synergistic with other RSSH catalytic investments and will be fully coordinated through operationalization. A link to the detailed proposal is available in Annex 1.
17. The remaining recommended priorities are continuing from the 2020-2022 allocation period but have evolved to align with the ambitions of the new Strategy and to reflect performance of the current investments. For example:
  - a. The human rights priority proposes an expansion of its Matching Fund to cover all high impact countries based on lessons learned from earlier cycles. Other 2020-2022 catalytic investments have been recommended to continue as part of other priorities;
  - b. From the 2020-2022 Service Delivery Innovation catalytic priority, Community Led Monitoring (CLM) will be integrated as one of the focus areas of the 'Community systems & responses' priority, while strengthening of regional laboratories are recommended to continue as a stand-alone catalytic priority.
18. An overview of the evolution of catalytic investments by theme, modality and priority between the 2020-2022 and the 2023-2025 allocation periods can be found in Figures 3-5.

**Figure 3: Recommended 2023-2025 catalytic investments amounts compared to historical investments by catalytic theme<sup>10</sup>**



**Figure 4: Recommended 2023-2025 catalytic investments amounts compared to historical investments by indicative modality**



### Deprioritized catalytic investments

19. Five 2020-2022 catalytic priorities with a total budget of US\$ 135 million are recommended to be deprioritized for the 2023-2025 allocation period, either because they have achieved their catalytic effect or because they could be effectively funded elsewhere.

<sup>10</sup> Amounts shown are rounded to million and based on indicative modalities per the catalytic proposals for 2023-2025 allocation period. Allocated amounts represent Board-approved allocations at beginning of each period. Subsequent budget adjustments were made during operationalization. Recommended 2023-2025 amounts represent those under highest funding scenario. Priority amounts are aggregated according to the theme it was associated with for each allocation period. For example, Human Rights was considered an HIV/AIDS priority in the 2017-2019 allocation period, but evolved to be a more cross-disease priority. RSSH includes community health workers, private sector engagement, laboratory systems, South-South planning, health workforce, integration and quality priorities. Community, Rights and Gender includes human rights, community-led monitoring and community engagement. Crosscutting include Emergency Funds, the TERG PCE and CCM Evolution.

- a. The Malaria RTS, S/AS01 Vaccine SI, alongside funding from GAVI and UNITAID, has successfully enabled pilots of the malaria vaccine and its accompanying learning agenda. With a WHO policy now in place based on evidence from the pilots, the focus will shift to coordination across the partnership to ensure this new tool is collectively mainstreamed to maximal impact, therefore catalytic Investment is no longer required in the 2023-2025 allocation period. The Addressing Insecticide Resistance through Accelerated Introduction of New Nets SI reached its aim of mainstreaming the purchasing of new nets into grants and is therefore proposed to discontinue as a priority for catalytic investments for 2023-2025.
- b. Priorities currently addressed through the TB MC approach were shown to have mixed grant performance and catalytic effect as reviewed by the TERG, and therefore would be better supported through other SIs, country allocations or alternative sources of funding.
- c. The CCM Evolution and TERG Prospective Country Evaluations (PCE) catalytic investments do not meet the definition of catalytic based on the SC-endorsed prioritization criteria and are proposed and being considered for inclusion in OPEX as part of the new Strategy costing discussion with the Audit and Finance Committee (AFC).<sup>11</sup>

20. In addition, certain sub-components of the 2020-2022 catalytic priorities are proposed to be integrated in country allocations or other catalytic investments, such as, private sector approaches and human resources for health and quality improvement SIs, which were funded as part of Service Delivery Innovations in 2020-2022.

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<sup>11</sup> [GF/AFC17/04](#).

**Figure 5: Evolution of Catalytic Investments from 2020-2022 to recommended priorities for 2023-2025 under the highest funding scenario**

	2020-2022	2023-2025	Difference
2020-2022 Catalytic Investments priority name	Board-approved Amount (US\$m)	Recommended amount (US\$m)	US\$m
<b>End AIDS</b>	<b>201</b>	<b>160</b>	<b>-41</b>
Adolescent Girls and Young Women	56	107	1
Scaling Up Community-Led Key Population Programs for Sustainable Impact	50		
Condom Programming	15	12	-18
Differentiated HIV Service Delivery	15		
Key Populations and Sustainability Multi-Country Approaches	50	41	-9
TB Preventive Treatment for PLHIV	15		-15
<b>End TB</b>	<b>204</b>	<b>267</b>	<b>63</b>
Finding Missing People with TB	150	179	29
Targeted TA for Innovative Approaches to Finding Missing People with TB	14	16	2
Country readiness for innovation and quality TB programming		18	18
Scale up TB prevention		54	54
TB Multi-Country Approaches	40	0	-40
<b>End Malaria</b>	<b>216</b>	<b>175</b>	<b>-41</b>
Resistance to Artemisinin Initiative (RAI)	120	110	-10
Malaria Elimination in Southern Africa	20	13	-7
Malaria E-2025 Initiative (evolving to 'E-2030')	8	7	-1
Regional Coordination and Targeted Technical Assistance (RCTA)	10	9	-1
Biologic threats in malaria case management in Africa		20	20
Addressing vector control threats and opportunities		16	16
Addressing Insecticide Resistance through Accelerated Introduction of New Nets	50	0	-50
Malaria RTS,S/AS01 Vaccine	8	0	-8
<b>RSSH and cross-cutting</b>	<b>269</b>	<b>498</b>	<b>229</b>
PSM Transformation (integrated in 'Equitable access to quality health products')	20	140	110
Accelerated Introduction of Innovations (evolving to 'Equitable access to quality health products')	10		
Incentivizing RSSH quality and scale		60	60
Service Delivery Innovations: National Lab System improvement	9	33	24
Service Delivery Innovations: Human Resources for Health	10	0	-10
Service Delivery Innovations: Strategic Private Sector Approaches	10	0	-10
Service Delivery Innovations: South-South Learning including AGYW SI (for 2023-2025, South-South to be integrated in community systems & responses and AGYW SI potentially in HIV)	15	90	72
Service Delivery Innovations: Community Led Monitoring (integrated in Community Systems & Responses for 2023-2025)	3		
Data	35	29	-6
Human Rights	46	49	3
Community, Rights and Gender (evolving to 'Community Engagement')	16	20	4
Sustainability, Transition and Efficiency (evolving to 'Health Financing')	18	37	
Innovative Finance (evolving to 'Health Financing')	20		-1
Emergency Fund	20	40	20
CCM Evolution	15	0	-15
TERG Independent Evaluation	22	0	-22
<b>TOTAL (US\$m)</b>	<b>890</b>	<b>1,100</b>	<b>210</b>

21. At its 46<sup>th</sup> Board Meeting in November 2021, the Board requested the Secretariat to present a proposal at the 47<sup>th</sup> Board Meeting to leverage catalytic investments for the 2023-2025 allocation period to mobilize additional resources to reduce deaths from

tuberculosis as part of the Board Decision on the Global Disease Split for the 2023-2025 Allocation Methodology.<sup>12</sup> In line with this decision, the recommended amount for TB catalytic investments has been increased from 2020-2022 funding levels by 31% with an expanded scope. Incorporating inputs from TB partners and from the SC, the proposed catalytic investments include US\$ 267 million for TB, of which 94% would be channeled through Matching Funds to the highest burden countries. The aim of the Matching Funds is to incentivize investment in impactful interventions aimed at decreasing incidence and mortality, including the rapid uptake of new tools and innovations, as well as the support for the quality of services. The SC expressed broad support for the increase in TB catalytic funding and expanded scope.

- a. In addition, the SC, TB partners as well as civil society and community partners have emphasized that it is key to ensure that the cross-cutting catalytic priorities contribute to the fight against TB. Acknowledging these concerns, the Secretariat has, where relevant, ensured that the detailed proposals describe anticipated contributions. The Secretariat commits to working with TB partners, including communities most impacted, over the coming months to tailor approaches as most relevant to the TB context. The recommended priority on health financing includes innovative financing, which provides an opportunity to leverage additional resources for TB by providing seed funding to catalyze innovative finance deals. Other recommended catalytic priorities also contribute to ending TB, including RSSH, laboratory strengthening, human rights and gender, community engagement, community systems and responses, and data.

22. The SC and partners have highlighted the importance of interlinkages between the catalytic investments as well as ensuring that disease-specific and cross-cutting investments are designed in a coherent way to achieve the aims of the Strategy. Civil society and community partners have welcomed the focus on key and vulnerable populations, human rights, community led systems and responses, and community engagement as catalytic priorities. Noting that equity, human rights, gender, and community systems strengthening, and engagement, are mutually reinforcing objectives of the new Strategy, community and civil society stakeholders noted that all catalytic investments approved for the 2023-2025 allocation cycle should evolve in such a way that they can demonstrate contribution to these priorities.

23. While partners were closely engaged in the priority development process, not all partner input was incorporated in the recommended priorities. For example, TB partners had requested US\$ 420 million for the TB priority area (Matching Funds and SIs) and US\$ 100 million for innovative finance for TB. Some malaria partners, while recognizing the catalytic effect and impact of the Addressing Drug Resistance in the Greater Mekong Subregion (RAI) and supporting its continuation, have questioned whether the scope and budget is justified given the emerging antimalarial drug resistance in Africa. However, the Secretariat recommends maintaining similar levels of investment in RAI, both through country allocations and catalytic investments, to progress towards elimination and avoid

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<sup>12</sup> [GF/B46/DP04](#).

risking a reversal of the gains made. There were also suggestions by partners to have a catalytic priority on private sector engagement in service delivery. The Secretariat recommends that approaches to strengthen private sector engagement be integrated in other catalytic investments as well as country allocations.

24. The Secretariat, along with input from partners, had originally proposed a total investment amount of \$1.39 billion for the priorities listed in Table 1 linked to a higher scenario amount of sources of funds for allocation of US\$ 17 billion or higher. The increase in catalytic funding compared to 2020-2022 allocations was tailored to higher funding scenarios as possible outcomes of the Replenishment, which ensures significant scale-up of country allocations while supporting ambitious catalytic investments.
25. In response to SC concerns regarding the originally proposed amount of funding for CIs and SIs in particular, the Secretariat conducted a further review of indicative SIs and reduced the amount by US\$ 58 million. The adjustments focused on reducing SIs with more than one cycle of funding closer to their 2020-2022 levels, shifting funds from the TB technical support SI component to the scale-up TB prevention Matching Fund component, and reducing the NextGen Market shaping, as the revolving fund of the new product introduction component may be reimbursed from other appropriate sources of funding (for example, portfolio optimization), but the use of the SI is necessary to address timing issues. Finally, one component – HIV implementation support – was reduced by US\$ 5 million, with support in this area to be leveraged from in-country partners. This streamlining of SIs resulted in a total proposed amount for catalytic investments of \$1.34 billion.
26. At its 18<sup>th</sup> meeting in March and April, the SC broadly agreed with the priorities proposed but some constituencies had concerns on funding catalytic investments at higher funding amounts on the basis that the funding could be better deployed through country allocations. The SC recommended that the priorities be limited to a maximum US\$ 1.1 billion amount linked to sources of funds for allocations of US\$ 16 billion and over, which represents a more similar proportion (equivalent to 6.9% of sources of funds) as the proportion of catalytic investments in the 2020-2022 period. The amounts proposed in the US\$ 1.1 billion scenario are scaled down from the originally proposed amounts. Note that the catalytic proposals as detailed in Annex 1 reflect the intended scope when fully funded and would be adjusted accordingly based on final funding amounts. Table 1 reflects the application of the US\$ 1.1 billion cap and the revisions noted above.

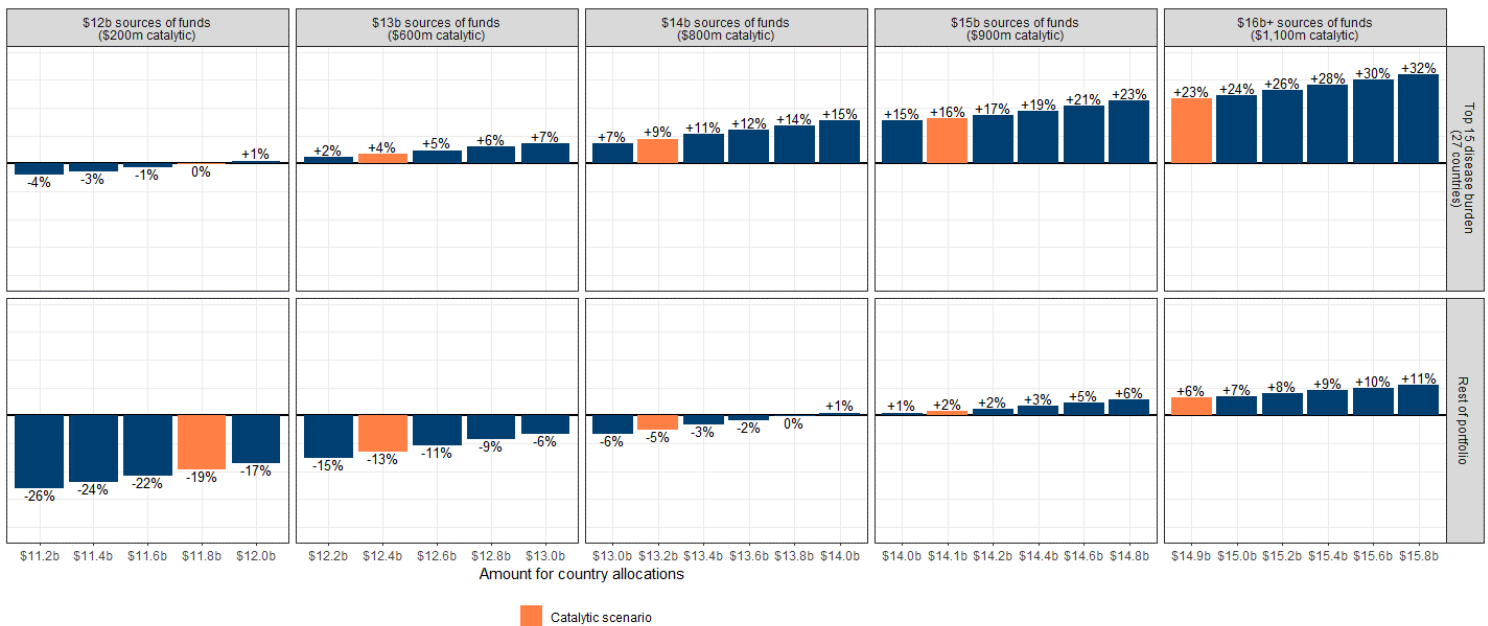
### ***Grouping into funding scenarios***

27. The catalytic scenario amounts are linked to ranges of available sources of funds for allocation to facilitate the approval of catalytic priorities before replenishment outcomes are known, allowing for timely operationalization in the 2023-2025 allocation period.



28. To prepare for different Replenishment outcomes, the total amounts for catalytic investments are grouped into scenarios of US\$ 200 million to US\$ 1.1 billion, based on the sources of funds for allocation. The amounts set-aside for catalytic investments were identified to enable appropriate increases of country allocations. As catalytic priorities are intended as targeted investments that catalyze greater impact through the much larger grant funds, the catalytic amounts at sources of funds scenarios from US\$ 12 billion to US\$ 16 billion were determined to protect country allocations and mitigate steep decreases in the rest of the portfolio (see figure 6).

**Figure 6: Recommended catalytic investment amounts in lower funding scenarios based on modelling of the 2023-2025 allocations in highest burden countries**



29. Figure 7 provides the proposed amounts for catalytic investments in different funding scenarios.

**Figure 7: Recommended 2023-2025 catalytic investments amounts by funding outcome.**

Sources of Funds for Allocations	\$12b-\$13b	\$13b-\$14b	\$14b-\$15b	\$15b-\$16b	\$16b and over
Catalytic Investments	\$200m	\$600m	\$800m	\$900m	\$1.1b
Minimum Amount for Country Allocations*	\$11.8b	\$12.4b	\$13.2b	\$14.1b	\$14.9b
Change from country allocation in 2020-2022	-7.2%	-2.4%	+3.9%	+10.9%	+18.0%

\* Does not include overallocation (\$600m overallocated in 2020-2022 country allocations).

30. The total proposed amount for all recommended priorities in the highest funding scenario is US\$ 1.1 billion. In the lower funding scenarios of US\$ 200 million, US\$ 600 million, US\$ 800 million and US\$ 900 million, the amounts of most priorities have been reduced proportionately. For some, a modest differentiated approach has been applied to the scaling-down, recognizing that certain priorities need minimum levels of funding while others depend on sufficient funds being available within allocations. Critical priorities in TB (Matching Funds), malaria (RAI), communities (Community Engagement SI) and the Emergency Fund are either held constant or scaled down more gradually to preserve funding levels, while the NextGen Market Shaping priority has been decreased more rapidly, as the procurement of new products will depend on having sufficient funding in the country allocations. Furthermore, in the lowest funding scenarios of US\$ 200 million and US\$ 600 million, only a subset of priorities are recommended to be funded, namely those most critical to preserving core programming in low funding outcomes. Table 1 presents the recommended priorities and amounts in the five funding scenarios.

### **Operationalization of Catalytic Investments**

31. The Secretariat will plan to operationalize catalytic investments as part of the preparations for the implementation of the 2023-2028 Global Fund Strategy, considering lessons learned from the implementation of catalytic investments during the 2017-2022 Strategy period. Specifically, the Secretariat will:
- a. Build on recommendations outlined in the TERG Strategic Initiatives Review and the TERG Multi-country Review discussed by the SC at its 17<sup>th</sup> Meeting, including strengthened performance measurement; design of an exit strategy that enables priorities to be mainstreamed into country allocations or funded with domestic resources after the 2023-2025 allocation period; reducing the complexity and transaction costs of implementation arrangements for both countries and the Secretariat.
  - b. Build on the 2020 TRP Lessons Learned from Strategic Initiatives shared with the SC in March 2021.

- c. Consider operational approaches that provide for investment in community led and based organizations in areas where they have clear comparative advantage. Through the ongoing preparations for the implementation of the new Strategy, improve funding request processes and ensure stronger strategic harmonization between catalytic investments and country allocations as well as overall programmatic objectives. Consider operational approaches that provide for investment in community led and based organizations in areas where they have clear comparative advantage.
  - d. Look further for opportunities to reduce the number of SIs, including by consolidating SI components and identifying SI components that can shift to Matching Funds. The determination of modalities will be informed by the recommendations from the TERG as well as performance data and lessons learned from the 2020-2022 allocation period. Progress on modality determination will be reported to the SC at its 19<sup>th</sup> meeting in July 2022.
  - e. Continue to consult partners on the further development and operationalization of catalytic investments, including working with partners to ensure clear objectives and outcomes are developed, based on available performance data; continue to leverage the Grant Approval Committee, TRP and internal resources in the design, review and approval of catalytic investments.
  - f. Prioritize preparations for the operationalization of the catalytic investments that need to be communicated in allocation letters.
32. To drive overall absorption of catalytic funds and address evolving needs over the course of the allocation period, the Secretariat requests delegated authority to increase or decrease the amount approved for any catalytic priority by up to 15%, within the total amount of funding available for catalytic investments, with reporting to the SC on any such changes. Increases or decreases above 15% will be presented to the SC for approval.<sup>13</sup> To address the unique and rapid funding requirements of the Emergency Fund SI (which by definition exists to address emergencies that cannot be predicted), the Secretariat requests delegated authority to increase the amount available for the Emergency Fund using funds made available by the AFC for portfolio optimization.<sup>14</sup>

### Other levers to address catalytic priorities

33. As noted during the 17<sup>th</sup> SC meeting and 46<sup>th</sup> Board meeting in 2021, catalytic funding is one of many levers to address mission-critical priorities, used to complement and incentivize the effective use of country allocations to maximize impact throughout the grant lifecycle (refer to GF/B47/09/B “[Update on Strategy Implementation Preparations](#)” for an overview of thinking on levers, including catalytic funding, used to implement the new Strategy).

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<sup>13</sup> This will not apply to restricted financial contributions made in accordance with the Amended and Restated Policy on Restricted Financial Contributions. [https://www.theglobalfund.org/media/7119/core\\_restrictedfinancialcontributions\\_policy\\_en.pdf](https://www.theglobalfund.org/media/7119/core_restrictedfinancialcontributions_policy_en.pdf).

<sup>14</sup> Any such increases will increase the total amount of funding for catalytic investments. The Secretariat will seek to return these funds to the pool for portfolio optimization where possible.

34. Throughout the grant cycle, the Secretariat employs numerous levers to maximize impact from Global Fund investments. Early in the grant cycle, these include allocation letters that highlight important considerations and messaging from the Board and the Secretariat, and policies and investment guidance, that provide the framework and technical considerations that shape programs. Partners play an integral role in supporting countries and communities determine how funds are used through funding request development and technical assistance, while the country coordinating mechanism ensures programs are adapted to country needs.

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

35. The Board is requested to approve the proposed catalytic priorities and amounts for the 2023-2025 allocation period under the catalytic funding scenarios detailed in GF/B47/DP06.
36. Delays in Board approval would jeopardize the timely roll-out and streamlined integration of catalytic investments into country allocations and risk undermining the effectiveness of these investments.
37. Progress on the operationalization of the 2023-2025 catalytic investments, including modality determination, will be reported to the SC at its 19<sup>th</sup> meeting in July 2022 and to the SC and Board at their fall 2022 meetings.

### **Recommendation**

The Strategy Committee recommends the Decision Point presented on page 2 to the Board.

## Annexes

- Annex 1: Supporting documents
- Annex 2: Summary of Committee Input
- Annex 3: Relevant Past Board Decisions
- Annex 4: Links to Relevant Past Documents & Reference Materials

### **Annex 1 – Supporting documents**

The detailed catalytic investments proposals are available on the Governance Portal in the supporting document: “2023-2025 Catalytic Investments Proposals”.

### **Annex 2 – Summary of Committee Input**

Links to reports from earlier SC Meetings are provided below:

[GF/SC17/26](#), 17<sup>th</sup> SC, 5, 6 and 15 October 2021, pages 13-15.

[GF/SC16/11](#), 16<sup>th</sup> SC, 5-6 July 2021, pages 5-7 and page 10.

[GF/SC15/26](#), 15<sup>th</sup> SC Meeting, 25-30 March 2021, pages 7-8.

### **Preliminary Draft SC18 Meeting Report notes**

#### **Catalytic Investments for the 2023-2025 Allocation Period**

##### Presentation

1. The SC Chair opened the session noting that the 2023-2025 Catalytic Investments priorities have been developed and further refined based on SC and partner input. The SC Chair emphasized the critical nature of the decision for the next Allocation Period and the implementation of the new Strategy, and highlighted that approval of the 2023-2025 Catalytic Investments at the 47<sup>th</sup> Board Meeting in May 2022 is critical for timely operationalization.
2. The Secretariat noted that catalytic investments are part of the allocation methodology and aim to maximize impact of the Global Fund’s investments, together with country allocations. The Secretariat emphasized that the Strategy was the starting point for determining catalytic priorities, and that the catalytic investments process is intrinsically linked to Strategy implementation and the broader theory of change, with the same teams engaged in both processes.
3. The Secretariat expressed appreciation to partners for their active engagement in the series of consultations that shaped the catalytic priorities presented to the SC, and emphasized that the SC recommendation of the catalytic priorities and amounts is the

starting point for the Secretariat to kick off operationalization together with partners. The Board approval of the 2023-2025 catalytic priorities by the Board at its 47<sup>th</sup> meeting is crucial to ensure inclusion of catalytic investment in allocation letters and alignment with grants.

4. The Secretariat emphasized that the catalytic priorities have been informed by past performance, TERG and TRP recommendations and lessons learned. The Secretariat recognized the challenge of having to make decisions on catalytic investments for the next cycle at a time when the full lessons learned from the current cycle are not yet available.
5. In response to SC input on the indicative modalities, the Secretariat noted that Matching Funds represent over half of total catalytic investments in all funding scenarios, and that the number of proposed priorities with Strategic Initiatives (SIs) has been brought down to 14 for 2023-2025 compared to 19 for 2020-2022.
6. In response to SC statements related to accountability, the Secretariat explained that for Matching Funds, the Grant Approval Committee (GAC) approves the programmatic focus and countries and the Technical Review Panel (TRP) reviews all funding requests which include Matching Funds. Grants including Matching Funds are approved by GAC and the Board. The GAC and partners are engaged in the design of Multi-Country approaches, which are also subject to TRP review and GAC and Board approval. Partners and the GAC are also consulted on the design of SIs, with TRP review when needed, and are ultimately approved by the GAC. SI progress is reported to the SC every 6 months.
7. The Secretariat noted that SC views differed regarding whether catalytic investments should be capped at a certain amount. The Secretariat explained that the higher catalytic funding scenarios proposed by the Secretariat allow for significant scale-up of country allocations.

### SC Discussion

8. The SC discussion was broadly divided into questions/clarifications on (i) catalytic priorities, amounts, and indicative modalities, (ii) operationalization, Strategy implementation, and performance.

### **Catalytic priorities, amounts, and indicative modalities**

9. The SC broadly supported the proposed catalytic priorities. SC members expressed their support for the increase in catalytic funding for TB, with several SC members stating that the increase is in line with the Board Decision Point on the Global Disease Split. Constituents had differing views on the NextGen Market Shaping priorities, with some SC members noting concern with the share of catalytic investments dedicated to this priority, while other constituents appreciated the linkages to the disease-specific proposals and questioned whether the proposed amount was sufficient to ensure the accelerated introduction of new products.

10. SC members generally welcomed the new catalytic proposal priority on incentivizing RSSH quality and scale. Some members raised concern that the priority was introduced late in the catalytic process and that partners had not been consulted in the development of the proposal. The SC expressed the desire to better understand how the RSSH catalytic proposal fits into the broader set of levers that will be used to strengthen RSSH. The SC emphasized that RSSH efforts should focus on delivering HTM outcomes, should incentivize improved Global Fund grant and domestic allocation to RSSH including primary health care, and should be linked to other catalytic investments related to RSSH. SC members welcomed further detail on the priority's focus areas, the proposed competitive process, and M&E.
11. Regarding the indicative modalities, the SC welcomed the increase in the use of MFs, emphasizing that catalytic investments should have impact at country level. SC members expressed concern over the use of the SI modality, noting that the SI modality should only be used if it is the only viable lever to advance a priority, and that SI design should be informed by past performance and lessons learned. The SC welcomed the reduction in SIs in response to SC feedback. The SC requested further visibility on the proportion of SIs focused on technical assistance (TA), and on how the impact of TA will be measured.
12. Some SC members expressed concern with the initially proposed 20% flexibility provided to the Secretariat to increase or decrease funding for any approved catalytic priority, and sought further detail on how the flexibility would be applied.
13. Constituent views differed regarding the total amount of funding that should be dedicated to catalytic investments. The majority of the SC was either in support of or had no objection against a cap below the Secretariat's proposal of US\$1.34 billion linked to the scenario where sources of funds for allocation are US\$17 billion and over. Several constituents supported a cap of US\$1.1 billion, while an US\$800 million cap was also proposed, noting the impact on the amount available for country allocations. In this regard, SC members also noted that not all CIs have delivered the desired results and that performance data should inform decision-making on investments. Other SC members noted there was no need for a cap if the catalytic priorities are well-chosen to deliver on the aims of the new Strategy. The discussion concluded with the SC recommending to cap catalytic investments at US\$1.1 billion in scenarios where sources of funds for allocation are US\$16 billion and over.

### **Operationalization, performance and Strategy implementation**

14. The SC reinforced the need for the catalytic investments to continue to be closely linked to the broader implementation of the new Strategy. SC members expressed the need for better understanding how catalytic investments fit in the broader theory of change, and how they are related to other levers used to deliver on the Strategy's priorities.
15. SC members underlined the importance of better harmonization between catalytic investments and country grants, referring to the TERG recommendations in this area.

16. SC members highlighted the need for systematic analysis of performance data and lessons learned in the proposal development, design and operationalization of catalytic investments, particularly for priorities that have received funding for more than three years. Some SC members expressed concern that limited performance had been shared with partners during the consultations on the catalytic priorities, and that it remained unclear how past performance had informed the catalytic priorities presented to the SC.
17. The amendment to the decision point part 5.i in response to SC concerns was generally welcomed by the SC, which outlines that the Secretariat will consider the TRP and TERG recommendations and performance data in the operationalization of catalytic investments, and that partners will be engaged to ensure that Catalytic Investments have clear objectives and expected outcomes. In response to the amendment, SC members highlighted the need to ensure improved and inclusive partner engagement in the design and operationalization of catalytic investments.
18. The SC emphasized the importance of setting clear objectives and expected outcomes for the catalytic investments, as well as a strong M&E framework to measure impact. SC leadership noted that the impact of catalytic investments will be measured as part of the overall M&E Framework.
19. The SC expressed desire for increased visibility and oversight of the operationalization of catalytic investments, and requested further information on the operationalization process, including the process for country selection and the engagement of TRP and the GAC.

#### Secretariat Response

#### **Catalytic priorities, amounts, and indicative modalities**

20. Regarding the catalytic priority focused on incentivizing RSSH quality and scale, the Secretariat explained that this proposal emerged from the work of the internal Strategy delivery working group on RSSH. After consideration of all available levers, catalytic investments were deemed crucial to incentivize better quality RSSH funding requests. The Secretariat noted that a more in-depth discussion on the levers to strengthen RSSH will be discussed during the Informal Pre-Board Retreat on 8 May 2022. The Secretariat emphasized that all RSSH-related catalytic investments are linked and are aligned with the new Strategy, which focuses on RSSH investments that deliver HTM outcomes.
21. The Secretariat provided the SC with further information on the scope of the NextGen Market Shaping priority (provided in the 'Supplementary document' to GF/SC18/07). The Secretariat explained that the priority was shaped in close consultation with the Secretariat's disease teams and informed by the needs expressed by disease partners, noting that market shaping complements efforts to ensure country readiness for innovation as included in the disease-specific catalytic priorities. The Secretariat clarified



that the priority focuses on market shaping and is therefore not linked to Wambo or the Pooled Procurement Mechanism.

22. Related to the flexibility, the Secretariat noted that the initially proposed 20% would only allow for minor reallocations in most cases, and that the flexibility aims to respond to expressed concerns on workload, particularly in relation to the Emergency Fund. In response to SC feedback, the Secretariat flexibility to increase or decrease funding for catalytic priorities was reduced to 15%, with reporting on the SC on any of such changes.
23. In response to the SC's request for a cap, the Secretariat noted that a US\$1.1 billion cap would allow delivery of the priorities presented to the SC, but that a US\$800 million cap would limit the Global Fund's ability to drive impact in a number of areas.

### **Operationalization, performance and Strategy implementation**

24. The Secretariat highlighted that internal coordination processes are in place to ensure the catalytic priorities fit into the broader Strategy implementation work, and explained that the same Secretariat teams are engaged in the development of catalytic proposals and the Strategy implementation working groups, as well as other key processes such as the allocation parameters, the ToR for the new TRP, and the grant request forms.
25. The Secretariat confirmed that past performance has informed the proposed catalytic priorities and will continue to guide operationalization.
26. The Secretariat noted that partner engagement in the development and operationalization of Catalytic Investments is significant, highlighting that all Catalytic Investments are designed with partner input and are approved by the GAC, which includes representatives of all Global Fund partners.
27. The Secretariat noted that the performance of catalytic investments will be measured as part of the M&E Framework. The Secretariat explained that Matching Funds are measured in grants, and that SIs have a performance framework and MCs a grant performance framework, which are complemented by TERG reviews.
28. The Secretariat emphasized that the SC will have oversight of the operationalization of catalytic investments and expressed willingness to discuss the scope of SC oversight with the next SC Leadership.
29. The Secretariat appreciated SC input on the need to ensure quality, transparency and coordination regarding TA, and welcomed further conversation with the SC.
30. Detailed Secretariat responses are included in the [‘Overview of Secretariat responses’](#) shared with SC on 6 April 2022.

## SC decision

- The SC recommended, with one abstention, Decision Point GF/SC18/DP06

## **Annex 3 – Relevant Past Board Decisions**

<b>Relevant past Decision Point</b>	<b>Summary and Impact</b>
<b>GF/B46/DP04: Global Disease Split for the 2023-2025 Allocation Methodology (November 2021)<sup>15</sup></b>	<p>The Board approved the apportionment of available country allocation funds across disease components (“Global Disease Split”) for the 2023-2025 allocation period, which will be determined by the total amount of available funds for country allocation for the 2023-2025 allocation period.</p> <p>Recognizing the need to further increase funding for tuberculosis and maximize the quality and impact of tuberculosis programs in line with the ambition of the Global Fund Strategy Narrative, the Board requested the Secretariat, partners and committees, as relevant, to propose and implement specific options to address these needs, including:</p> <ul style="list-style-type: none"><li>• Presenting to the Board, at its 47<sup>th</sup> meeting, a proposal to leverage catalytic investments for the 2023-2025 allocation period to mobilize additional resources to reduce deaths from tuberculosis;</li><li>• Continuing to pursue innovative finance opportunities to increase funding to tuberculosis in high burden countries.</li></ul>
<b>GF/B42/DP03: Sources and Uses of Funds for the 2020-2022 Allocation Period (November 2019)<sup>16</sup></b>	<p>The Board approved USD 0.89 billion for catalytic investments. The Board also decided that USD 13 million would be available for country allocations for the 2020-2022 allocation period.</p>
<b>GF/B41/DP04: Catalytic Investments for the 2020-2022 Allocation Period (May 2019)<sup>17</sup></b>	<p>The Board approved the catalytic investments for the 2020 – 2022 allocation period as set forth in the scenarios and approved that the total amount of funding for catalytic investments in the 2020-2022 allocation period, as described in the Allocation Methodology approved under GF/B41/DP03, would be determined by the total amount of sources of funds for allocation for the 2020-2022 allocation period.</p>

<sup>15</sup> <https://www.theglobalfund.org/board-decisions/b46-dp04/>

<sup>16</sup> <https://www.theglobalfund.org/board-decisions/b42-dp03/>

<sup>17</sup> <https://www.theglobalfund.org/board-decisions/b41-dp04/>

**GF/B41/DP03: Allocation Methodology 2020-2022 (May 2019)<sup>18</sup>**

Based on the recommendation of the SC, the Board approved an updated allocation methodology for the 2020-2022 allocation period. The global disease split remained unchanged from the 2017-2019 allocation period.

## **Annex 4 – Links to Relevant Past Documents & Reference Materials**

Relevant presentations from the 15<sup>th</sup>, 16<sup>th</sup>, 17<sup>th</sup> and 18<sup>th</sup> SC can be found here:

- SC15: [Eligibility Policy and Allocation Methodology Review](#)
- SC16: [Eligibility Policy and Allocation Methodology Review](#)
- SC17: [Eligibility and Allocation Review: Catalytic Investments, Country Economic Capacity, Disease Burden and Other Areas](#)
- SC18: [Catalytic Investments Supplementary document](#) and [Overview of Secretariat responses provided on Catalytic Investments during day 3 of the 18<sup>th</sup> Strategy Committee Meeting \(4 April, 2022\)](#)

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<sup>18</sup> <https://www.theglobalfund.org/board-decisions/b41-dp03/>