

# **The Global Fund and Asian Development Bank Memorandum of Understanding:**

**Increasing the Financing Envelope  
Building Resilient Health Systems**

# The first step is to coordinate and share

## Coordination & Knowledge

- Share and coordinate country dialogue, operational plans, funding allocations
- Coordinate regional initiatives
- Share lessons learned
- Share global and regional best practices
- Streamline funding & reporting
- Attract supplementary financing (e.g. private sectors)
- Improve data, evaluation
- Support financial & procurement systems



## Build and Strengthen Resilient Health Systems

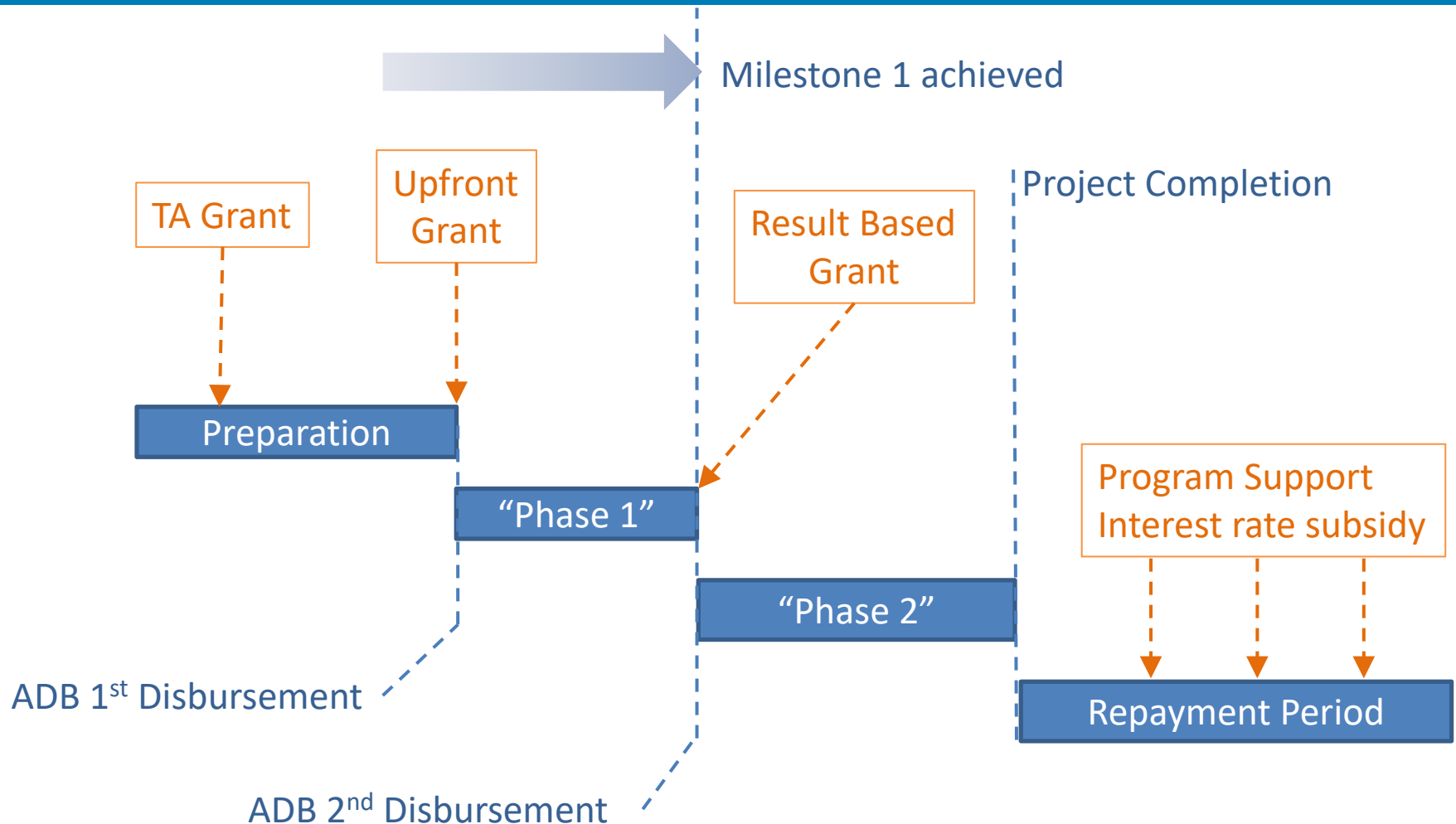
Health systems are ailing or underfunded: unable to cope with future demands



Coordinate funding and expertise to target HSS



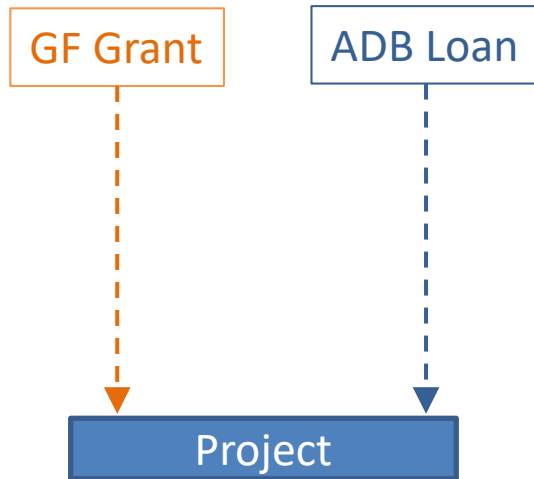
# Co-Financing of Loan and Grant in a Project



**Donor – ADB coordination is key to maximize outcome**

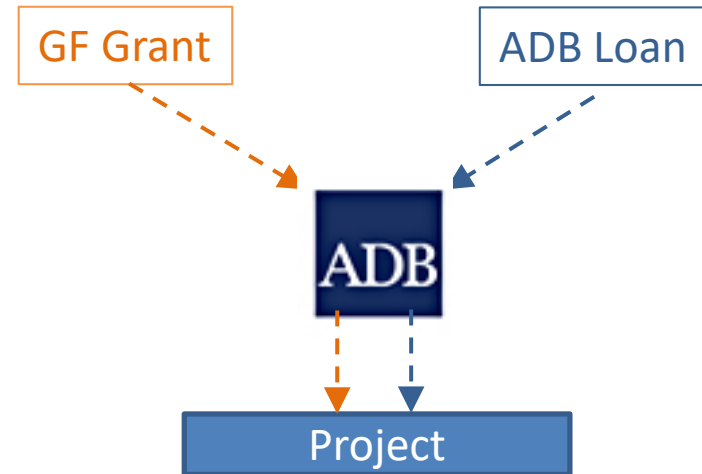
# Levels of Coordination in Co-Financing

## Parallel Co-Financing



- Parallel documentation
- Information sharing
- Coordination of inputs
- Harmonization of outputs

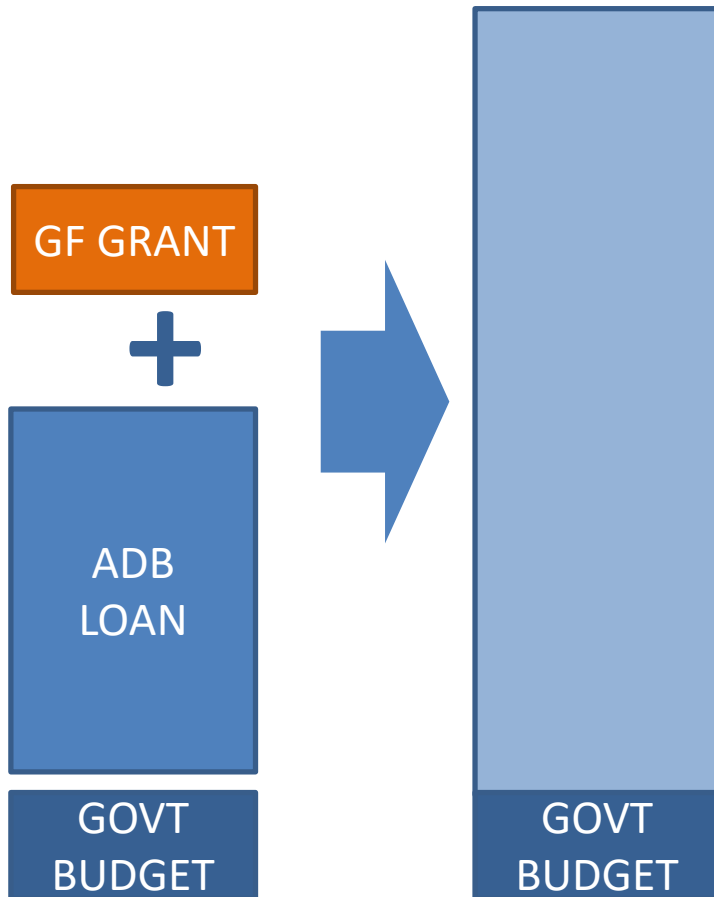
## Joint Co-Financing



- Single counterpart for borrower
- Single procurement system
- Fully pre-agreed criteria
- Streamlined funding and reporting

**Level of delegation depends on alignment of programs**

# Value-added of Co-financing:



- Attracts additional grants
- Unlocks larger loan through:
  - Interest rate subsidy
  - Credit enhancement
- Lowers administrative costs
- Pooled procurement lowers cost

**GF and ADB help narrowing the health budget gap**

# Co-Financing Modalities 2.0:

## **For DMC's with constrained borrowing capacity**

- Grants for interest subsidy to lower borrowing cost
- Grants to lower borrowing requirement

## **For DMC's with ADB lending constraint**

- Grants to lower ADB capital requirements (e.g. through guarantees)
- DMC benefit from larger ADB funding envelope (pricing)

## **Attract private investors, move investment off-balance sheet**

- Grants for credit enhancements (first-loss guarantees)
- ADB partial risk guarantees to wrap government payment obligations

**Synergy with ADB loans makes grants go further**

# Example 4: tackling shared problems through regional financing and cooperation

