

Electronic Report to the Board

Report of the Secretariat's Grant Approvals Committee

GF/B33/ER15
Board Decision

PURPOSE: This document proposes two decision points as follows:

1. GF/B33/EDP23¹: Decision on the Secretariat's Recommendation on Additional Funding from the 2014 Allocation
2. GF/B33/EDP24²: Decision on the Secretariat's Recommendation on Grant Extensions

This document is part of an internal deliberative process of the Global Fund
and as such cannot be made public.

¹ Dominican Republic HIV, Lao (People's Democratic Republic) HSS, Malawi malaria and TB/HIV, and East Europe & Central Asia Union of People Living with HIV grants. Total incremental amount of US\$320,745,348 and €4,044,467.

² Kyrgyzstan HIV grant extension. Total incremental amount US\$4,044,467

I. Decision Points

1. Based on the rationale described in Section IV below, the following electronic decision points are recommended to the Board:

- 1.1 Set forth below is the Secretariat's recommendation to approve additional funding up to an amount of US\$324,203,419 and €4,044,467.

Decision Point: GF/B33/EDP23: Decision on the Secretariat's Recommendation on Additional Funding from the 2014 Allocation

The Board:

1. Approves the incremental funding recommended for each country disease component, and its constituent grants, as listed in Table 1 of Section IV of GF/B33/ER15 ("Table 1");
2. Acknowledges each country disease component's constituent grants will be implemented by the proposed Principal Recipients listed in Table 1, or any other Principal Recipient(s) deemed appropriate by the Secretariat in accordance with Global Fund policies;
3. Affirms the incremental funding approved under this decision (a) increases the upper-ceiling amount that may be available for the relevant implementation period of each country disease component's constituent grants, (b) is subject to the availability of funding, and (c) shall be committed in annual tranches; and
4. Delegates to the Secretariat authority to redistribute the overall upper-ceiling of funding available for each country disease component among its constituent grants, provided that the Technical Review Panel (the "TRP") validates any redistribution that constitutes a material change from the program and funding request initially reviewed and recommended by the TRP.

This decision does not have material budgetary implications for the 2015 Operating Expenses Budget.

1. Set forth below is the Secretariat's recommendation to approve grant extensions.

Decision Point: GF/B33/EDP24: Decision on the Secretariat's Recommendation on Grant Extensions

The Board:

1. Approves extension of the relevant implementation period for each grant listed in Table 2 of Section IV to GF/B33/ER15.

This decision does not have material budgetary implications for the 2015 Operating Expenses Budget.

II. Relevant Past Decisions

1. Pursuant to the Governance Plan for Impact as approved at the Thirty-Second Board Meeting³, the following summary of relevant past decision points is submitted to contextualize the decision points proposed in Section I above.

³ GF/B32/DP05: Approval of the Governance Plan for Impact as set forth in document GF/B32/08 Revision 2 (<http://www.theglobalfund.org/Knowledge/Decisions/GF/B32/DP05/>)

Relevant Past Decision Point	Summary and Impact
GF/B31/DP12: Extension Policy under the New Funding Model⁴	This decision point establishes the current policy, based on which the extensions described in this report are granted and reported by the Secretariat or otherwise recommended to the Board for approval.

III. Action Required

1. The Board is requested to consider and approve the decision points recommended in Section I above.
2. Please find here a list of documents provided per disease component to substantiate the Board decision. All relevant documents containing the Secretariat's reasoning for its recommendations to the Board, including funding requests and associated comments, have also been posted on the Governance Extranet available at this [link](#).
 - a. Concept Note
 - b. Concept Note Review and Recommendation Form
 - c. Grant Confirmation
 - d. TRP Clarification Form (applicable only if the TRP requested clarifications)

⁴ GF/B31/DP12: Extension Policy under the New Funding Model
(<http://www.theglobalfund.org/Knowledge/Decisions/GF/B31/DP12/>)

IV. Summary of the Deliberations of the Secretariat's Grant Approvals Committee

01 Table 1: Secretariat's Funding Recommendation on Additional Funding from the 2014 Allocation

N	Applicant	Component	Grant Name	Grant End Date	Currency	Total Program Budget	Existing Funding	Incremental Amount for Board Approval	Recommended Total Incremental Funding	Incentive Funding included in Total Incremental Funding	Unfunded Quality Demand	Domestic Commitment
1	Dominican Republic	HIV/AIDS	DOM-H-CONAVIH	31 December 2018	US\$	20,247,495	6,657,968	3,921,319	13,589,527	N/A	0	82 million
			DOM-H-IDCP	31 December 2018	US\$		0	9,668,208				
2	Lao (People's Democratic Republic)	HSS	LAO-S-GFMOH	31 December 2017	US\$	3,700,000	0	3,700,000	3,700,000	N/A	0	1.1 million
3	Malawi	Malaria	MWI-M-MOH	31 December 2017	US\$	48,592,107	27,249,926	15,821,021	21,342,181	5,245,911	0	14.1 million
			MWI-M-WVM	31 December 2017	US\$		0	5,521,160				
4	Malawi	TB/HIV	MWI-C-MOH	31 December 2017	US\$	388,824,633	106,710,993	282,113,640	282,113,640	37,213,777	69,869,573	48.4 million

Regional Grants

N	Applicant	Disease Component	Grant Name	Grant End Date	Currency	Total Program Budget	Sources		Recommended Total Incremental Funding	Incentive Funding included in Total Incremental Funding	Unfunded Quality Demand	Domestic Commitment
							Existing Funding	Incremental Amount for Board Approval				
1	East Europe & Central Asia Union of People Living with HIV	HIV	QMZ-H-ECUO	31 October 2018	€	4,044,467	0	4,044,467	4,044,467	N/A	N/A	N/A

02 Table 2: Secretariat's Recommendation on Grant Extensions

Country	Disease Component	Grant Name	Currency	Period of Extension (Months)	Additional Funding	Rationale
Kyrgyzstan	HIV	KGZ-H-UNDP	US\$	6	3,458,071	To allow for continuation of grant activities while the concept note is being reviewed and subsequent steps completed.

03 Summary of the Deliberations of the Secretariat's Grant Approvals Committee (GAC) on Funding Recommendations

The following grants resulting from five concept notes, including one regional funding request, have been found to be disbursement-ready by the Global Fund Secretariat in a thorough review process and in consultation with partners.

The concept note for each country component was submitted for review, reviewed by the TRP and determined to be strategically focused and technically sound. The TRP, upon its review, highlighted issues for the applicant to clarify or address during grant-making.

The GAC considered and endorsed the TRP's recommendations and provided an additional level of review. At the time of its first review, the GAC set the upper-ceiling funding amount for grant-making, awarded incentive funding bearing in mind TRP recommendations on the prioritization of the above allocation request, and identified other issues for the applicant to consider as the grant was prepared to be disbursement-ready.

During grant-making, the applicant refined the grant documentation, addressed issues raised by the TRP and GAC and sought efficiencies where possible. In its second review, the GAC reviewed the final grant documentation for disbursement-readiness and confirmed that the applicant addressed issues requested for clarification by the TRP to its satisfaction. Additionally, the GAC endorsed the reinvestment of efficiencies in one of the following: (i) the areas recommended by the TRP; (ii) in other disease components of the same applicant – in the case that the TRP did not provide such recommendations; or (iii) into the general funding pool.

Each applicant has met the counterpart financing requirements as set forth in the Global Fund's Eligibility and Counterpart Financing Policy.

Dominican Republic HIV Grants (DOM-H-CONAVIH and DOM-H-IDCP)

1.1 The strategic focus of the program is to reduce new HIV infections in key populations and to increase life expectancy of people living with HIV in the Dominican Republic in a sustainable manner. Although there remain challenges to fighting HIV in the Dominican Republic, the strength of the country's health system has improved considerably compared to 2003 when the Global Fund started to invest in the country, with the estimated number of newly reported HIV cases decreasing more than 45 percent between 2007 and 2013. Strategies to support this program hence include the strengthening of sexually transmitted infection and HIV/AIDS education and prevention programs that emphasize human rights, gender equality and respect for different sexual orientations and gender identities; promoting equal access to care, treatment and support services; and ensuring the retention of people living with HIV throughout the continuum of care. As essential health commodities are covered by the Government of the Dominican Republic, Global Fund-supported programming will primarily focus on tackling identified gaps related to prevention as well as access to care services for key populations in prioritized provinces. In order to address the epidemic concentrated among key populations, interventions have been tailored to be in line with their geographical location, socio-cultural characteristics and the availability of material and human resources in their social and health settings. Additionally, the grant includes the amendment and creation of legal frameworks that guarantee the full enjoyment of rights for people living with HIV and key populations.

1.2 Efficiencies. During grant-making, savings of US\$4 million were identified from the current rounds-based grants (DMR-202-G01-H and DMR-202-G04-H). However, these funds were not included in the Dominican Republic HIV concept note as they were only identified after concept note submission. As the concept note did not include an above allocation request, the TRP did not determine any unfunded quality demand that these additional funds could be put toward. The GAC approved the return of these funds into the general funding pool.

1.3 Domestic contributions. Total domestic financial commitments to the Dominican Republic HIV program amount to US\$82 million, which represent a 25 percent increase compared to the previous implementation period. The government has increased spending on overall health, including HIV/AIDS and ARV drugs, which will be covered by the national budget during this grant period.

East Europe & Central Asia Union of People Living with HIV HIV Grant (QMZ-H-ECUO)

1.4 The strategic focus of the program is to enhance the effectiveness, accessibility, sustainability and scale-up of HIV treatment programs in the Eastern Europe and Central Asia region with special emphasis on key populations. More precisely, the program objectives include creating enabling conditions at national and regional levels for facilitating access to HIV care; improving linkages between the main elements of the continuum of HIV care for key populations; and advocating for transition from Global Fund and other external sources of financing to more sustainable domestic funding of the continuum of HIV care, based on evidence and on the needs of key populations. While the reach of the program is regional, five countries will be selected for in-depth advocacy activities early on in the program through an open call for proposals.

Lao (People's Democratic Republic) HSS Grant (LAO-S-GFMOH)

1.5 The strategic focus of this program is to strengthen the coordination, information and management capacities of the country's health system in order to improve access to basic health care and financial protection by 2020, supporting the Lao (People's Democratic Republic) Health Sector Reform Framework 2015 to 2025. The grant will further the aims of the framework in assisting the health sector to improve coordination to achieve the goal of universal health coverage by 2025 through a focus on five priority areas: human resources for health; health financing, with a particular focus on free maternal, neonatal and child services; governance, management and coordination; and health information systems. Interventions funded through this grant will result in improved planning and coordination between the different levels of the health sector, including the donor level; improved financial transparency, management and reporting; the establishment of a trained community health workforce with a focus on remote and rural populations; a unified logistic management information system; and an integrated health management information system with improved data flows. The Global Fund-supported program will assist the country in moving away from stand-alone vertical approaches to the overall health sector and improving management of resources, ultimately paving the way for sustainability of disease programs while building more resilient and sustainable systems for health.

1.6 Domestic contributions. Government commitments across all three diseases and health systems represent a 36 percent increase compared to the previous implementation period. In order to ensure equity among the three disease programs and the new HSS grant, government salary retention incentives have been included in the budget and will be phased out during the life of the grant. During implementation, the Secretariat will continue to work with the Ministry of Health to encourage full ownership of program human resource costs while coordinating a harmonized approach to staffing with other donors.

Malawi Malaria Grant (MWI-M-MOH and MWI-M-WV)

1.7 The strategic focus of the Malawi malaria program is to reduce the 2012 levels of malaria incidence and malaria deaths by 50 percent by 2017. To achieve this goal, Malawi plans to, among other activities, sustain malaria case management for all patients in health care facilities and to enhance integrated community case management for children at the community level by reducing presumptive diagnosis through the training of health surveillance assistants, the introduction of rapid diagnostic tests, encouraging and enhancing data utilization by health service assistants, and increasing access to integrated community case services. Malawi also plans to strengthen health information systems to improve the quality and timeliness of malaria data and reporting. Additionally, the general population will be educated on malaria risks through interpersonal communication campaigns using drama and community radio groups. Key results of the proposed programming include reductions in confirmed malaria cases per 1,000 population from 187 in 2014 to 136 in 2016; inpatient malaria deaths per 1,000 from 0.28 in 2014 to 0.24 in 2016; and all-cause mortality per 1,000 children under the age of five per from 112 in 2010 to 78 by 2016.

1.8 Domestic contributions. Domestic financial commitments for the malaria program includes US\$14.1 million, which represents 8 percent of total resources available for the next implementation period. Leveraging domestic resources for programs supported by the Global Fund was a core focus of the country dialogue in Malawi. Following engagement during country dialogue and grant-making, the government committed an additional counterpart financing of US\$30 million for fiscal years 2016 and 2017, over and above current funding for all three diseases and health system strengthening, including specific investments for procurement of malaria commodities of US\$10.1 million. This includes specific government investments for procurement of malaria commodities, strengthening the supply chain, human resources for health and laboratory strengthening. Total government commitments for Global Fund-supported malaria programs represent a 482 percent increase compared to the previous implementation period.

1.9 Operational issues, risks and implementation challenges. The major risk to the program highlighted by the TRP and GAC is the discrepancy between malaria cases and consumption of ACTs, as already recognized by the country, technical and development partners. Based on a joint assessment conducted by the Ministry of Health, in-country partners and the Global Fund Secretariat, causes of this discrepancy include a weak routine surveillance system, presumptive treatment and the diversion of commodities. The Government of Malawi, under the leadership of the president, has expressed its commitment to work with partners to resolve this issue in an effective and timely manner. The Ministry of Health, with support from partners and the Secretariat, has developed an action plan to address this issue. This action plan will be jointly funded by the government and partners, with contributions from the Global Fund, and implementation is underway. The plan includes the following main interventions:

- Conducting intensive supervision of health facilities to improve data quality;
- Reviewing the tools of the health management information system and disseminating them to health workers to capture consumption data;
- Rolling out the use of rapid diagnostic tests, including at the community level, to improve compliance with treatment guidelines;
- Improving physical security of commodities including rehabilitating high-volume facility pharmacies to ensure more security;
- Engaging with the Ministry of Justice, the police, and the Parliament to strengthen existing laws on thefts of public assets including commodities; and
- Establishing a whistle blowing program and increasing advocacy in communities to address drug pilferage.

1.10 GAC review and recommendations. GAC partners expressed strong concerns about the reported discrepancies between ACT consumption data and the reported number of malaria cases, commenting on the need for continued collaboration among in-country stakeholders to implement the agreed action plan summarized in paragraph 1.9 above. GAC partners encouraged the Ministry of Health of Malawi and Global Fund investments to use this opportunity to improve the overall procurement and supply chain management and to build the resilience of the health system elements, which would, in turn, also contribute to mitigating the risk of diversion of commodities. The GAC stressed that the Government of Malawi, with support from in-country stakeholders, needs to ensure risk mitigation measures in the action plan are well monitored and effective. In this regard, the Secretariat and partners will jointly conduct an assessment of the performance of the action plan at the end of 2016, review quantification based on available data and updated ACT forecasts, and subsequently determine how 2017 disbursements and procurement of ACTs should be tailored. In addition, the Global Fund's Office of Inspector General (OIG) is assessing the facts around the diversion of malaria commodities in Malawi. To complement this effort, the OIG has also selected Malawi as one of the countries where to conduct a "speak-out" campaign specifically targeted at preventing free malaria drugs from being diverted and resold for a profit.

Malawi TB/HIV Grant (MWI-C-MOH)

1.10 The strategic focus of the Malawi TB/HIV program is to reduce the number of new infections toward elimination of HIV transmission, reduce HIV-related morbidity and mortality, and reduce morbidity and mortality from TB. HIV prevalence has decreased from 14.2 percent in 2000 to 10.5 percent in 2010 and treatment was effectively scaled up, with an increase of people receiving ART from 3,000 in 2003 to 536,185 in 2014. Contextually specific strategies and activities during this implementation period include ensuring uninterrupted supply of ARV drugs and other basic HIV commodities at all 700 service

delivery points; scaling up provider-initiated testing and counseling to dramatically increase the proportion of people living with HIV who know their status; improving diagnosis and treatment of multidrug-resistant TB cases and conducting active TB case finding among populations at risk through use of mobile equipment, door-to-door screening and contact investigation. In line with TRP recommendations and CCM prioritization of unfunded quality demand (UQD), savings identified during grant making will contribute to further scale-up of voluntary medical male circumcision, expanding the ART buffer-stock, community systems strengthening, prevention of mother-to-child transmission, and building resilient and sustainable systems for health. Key results of the planned program include a reduction in AIDS-related mortality per 100,000 population from 181 in 2015 to 151 in 2017; a decrease in TB incidence per 100,000 population from 261 in 2015 to 257 in 2017; and an increase in the multidrug-resistant TB treatment success rate from 63 percent in 2014 to 72 percent in 2017.

1.11 Domestic contributions. Domestic financial commitments includes US\$ 45.2 million for HIV and US\$ 3.2 million for TB programs, which represents 6 percent of total resources available in the next implementation period. Following engagement during country dialogue and grant-making, the government has committed an additional counterpart financing of US\$30 million for fiscal years 2016 and 2017, over and above current funding for all three diseases and health system strengthening. This includes specific government investments for the procurement of an ART commodity buffer, strengthening supply chain systems, human resources for health and laboratory strengthening. Total government commitments for Global Fund TB/HIV-supported programs represent a 92 percent increase compared to the previous implementation period.

1.12 Operational issues, risks and implementation challenges. The major risk to the Malawi TB/HIV program highlighted by the TRP and GAC involves health workforce capacity in Malawi, in terms of their number, qualification and geographic distribution. There is a need to take active measures to address these concerns in order to successfully scale up ART and active TB case finding. These measures include the training of existing health and community workers and the hiring of volunteers for the active finding of cases of TB; working with technical and development partners to support ART scale-up with recruitment of 1,300 HIV diagnostic assistants for testing and counseling; and freeing up critical health workers to deliver other services. However, due to budget constraints, the Government of Malawi has frozen the recruitment of civil servants, including 1,222 health workers planned for fiscal year 2015-2016. Discussions are ongoing aiming partners, the Ministry of Finance, Ministry of Health and other relevant agencies within the Government of Malawi to unfreeze the recruitment of staff for education and health sectors. The Secretariat will engage with partners in these discussions to ensure a health workforce capacity-building plan is developed within six months of the start of grant implementation to manage the proposed scale up of interventions, linking in the ongoing discussion described above.

1.13 GAC review and recommendations. GAC partners expressed their support for the Malawi TB/HIV program and commented on the transition of Principal Recipient responsibilities from the National AIDS Commission and the adoption of a dual-track financing mechanism, with the Ministry of Health implementing activities in health facilities and ActionAid implementing community-based activities⁵. Partners stressed the need to ensure that the Principal Recipient transition process does not pose barriers to program implementation, highlighting the need for innovative ways to overcome any identified bottlenecks to mitigate potential negative impact on TB and HIV activities supported by other development partners. The GAC observed that additional investments in the health workforce would be critical for the program to deliver concept note goals and objectives, sustain gains and improve absorptive capacity. Accordingly, the GAC noted opportunities for the Global Fund to support a health workforce capacity development plan for the program to accelerate implementation of ART scale-up and intensified TB active case finding, especially in light of recent TB prevalence survey findings. The GAC was informed that this grant will contribute to funding the health workforce with other partners through potential savings found during grant implementation, including from reductions in the unit cost of commodities projected by the

⁵The Malawi TB/HIV program is jointly managed by ActionAid as the civil society Principal Recipient for community-based interventions. Grant documents for the ActionAid/civil society component are being finalized to ensure that activities and implementation arrangements are well-defined and complementary to those of the Ministry of Health. They will be submitted to the Board for approval at a later date.

Global Fund pooled procurement mechanism. The GAC endorsed the approach that, to avoid delays in grant signing and grant implementation, the extent of Global Fund support for this intervention will be contingent upon and determined in alignment with the Ministries of the Treasury, Finance and Health to ensure strong country ownership; will build in principles of sustainability, as well as integration of TB, HIV and other health priorities; and will engage the CCM and partners, during the first six months of grant implementation.

V. Additional Matters

01 Extensions Approved by the Secretariat Pursuant to Its Delegated Authority

The Secretariat hereby notifies the Board that it has approved extensions to the grants listed in Table 3 of GF/B33/ER15 in accordance with the Board decision GF/B31/DP12

Table 3: Grant Extensions Approved by the Secretariat

Country	Disease Component	Grant Name	Currency	Period of Extension (Months)	Additional Funding
Belarus	HIV/AIDS	BLR-H-UNDP	US\$	1	589,617
Bosnia and Herzegovina	HIV/AIDS	BIH-910-G03-H	€	10	-
Kyrgyzstan	Tuberculosis	KGZ-S10-G08-T	US\$	3	2,726,899
Tajikistan	Tuberculosis	TAJ-304-G02-T	US\$	3	-
Tajikistan	Tuberculosis	TAJ-809-G09-T	US\$	3	-

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