

Electronic Report to the Board

Report of the Secretariat's Grant Approvals Committee

GF/B36/ER01
Board Decision

PURPOSE: This document proposes two decision points as follows:

1. GF/B36/EDP01: Decision on the Secretariat's Recommendation on Additional Funding from the 2014 Allocation¹

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

¹ AFAO regional HIV, El Salvador HIV, Guyana malaria, Indonesia TB/HIV (additional funds). Total incremental amount is US\$11,937,163.

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\$11,937,163.

Decision Point: GF/B36/EDPo1: 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 Tables 1A and 1B of Section IV to GF/B36/ERO1 ("Table 1A" and "Table 1B");*
2. *Acknowledges each country disease component's constituent grants will be implemented by the proposed Principal Recipients listed in Tables 1A and 1B, 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 2016 Operating Expenses Budget.

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

II. Relevant Past Decisions

1. Pursuant to the Governance Plan for Impact as approved at the Thirty-Second Board Meeting,² the following summary of relevant past decision points is submitted to contextualize the decision points proposed in Section I above.

Relevant Past Decision Point	Summary and Impact
GF/B34/EDPo2: Decision on the Secretariat's Recommendation on Additional Funding from the 2014 Allocation	This decision point refers to the funding recommendation with regards to the Indonesia TB/HIV approved by the Board on 23 December 2015.

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 reason for its recommendations to the Board and the Funding Requests/comments have 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)

² 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/>)

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

Table 1A: Secretariat's Funding Recommendation on Additional Funding from the 2014 Allocation (Country grants)

N	Country	Disease component	Proposed Principal Recipient (Grant Name)	Currency	Grant End Date	Total Program Budget	Sources		Recommended Total Incremental Funding	Incentive Funding included in Total Incremental Funding	Unfunded Quality Demand	Domestic Commitment
							Existing Funding	Recommended Incremental Funding				
1	El Salvador	HIV/AIDS	SLV-H-MOH	US\$	31-Dec-18	5,148,186	3,799,080	1,349,106	6,193,333	n/a	0	109.8 million
			SLV-H-PLAN	US\$	31-Dec-18	7,001,480	2,157,253	4,844,227		n/a		
2	Guyana	Malaria	GYA-M-MOH	US\$	31-Dec-19	1,637,296	1,193,467	443,829	443,829	0	0	4.1 million

Table 1B: Secretariat's Funding Recommendation on Additional Funding from the 2014 Allocation (Regional grants)

N	Applicant	Disease component	Grant name	Currency	Grant end date	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	Australian Federation of AIDS Organisations (AFAO)	HIV/AIDS	QSE-H-AFAO	US\$	31-Dec-18	2,300,000	0	2,300,000	2,300,000	0	575,000	N/A

Table 2: Secretariat's Funding Recommendation on Additional Funding from the 2014 Allocation (Additional resources)

N	Applicant	Disease Component	Grant Name	Currency	Period of Extension (Months)	Previously Approved Grant Budget	Revised Budget for Board Approval	Original Existing Funding	Additional Existing Funding	Incremental Funding Already Approved	Additional Incremental Funding for Board Approval	Total Additional Incremental Funding for Board Approval	Revised Unfunded Quality Demand
1	Indonesia	TB/HIV	IDN-T-MOH	US\$	n/a	66,363,204	66,337,280 ³	31,268,111	0	35,095,093	3,000,000	3,000,000	0

³ The revised budget reflects the original approved budget amount of US\$66,363,204, the signed budget amount of US\$63,337,280 which is lower due to additional disbursements under the existing SSF grant between Board approval and grant signing, and the additional incremental funding of US\$3,000,000 recommended by the GAC for Board approval.

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

The following grants resulting from three 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 by the Eligibility and Counterpart Financing Policy. Domestic commitments for disease-specific and health-related spending are subject to local currency value fluctuations against US dollars and Euro.

AFAO Regional HIV Grant: Australian Federation of AIDS Organisations (QSE-H-AFAO)

1.1 Strategic focus of the program. A critical issue facing the HIV response in Asia over coming years is the transition from external donor funding and the need to ensure sustainable financing, without which the significant gains made in expanding treatment coverage and reducing transmission rates across the region may be jeopardized. Additionally, current significant gaps in the response and challenges around implementation of new prevention and treatment approaches need to be addressed. This grant will contribute to evolving understandings of transition and sustainable financing, particularly fostering civil society and key population perspectives on these key issues. The program will work in four countries at varying stages of transition, namely Indonesia, Malaysia, the Philippines and Thailand, and focus mainly on governance, institutional and financing aspects of transition. The program will work towards the following priority outcomes:

- Developing national HIV financing transition plans that mitigate the risk of funding shortfalls and/or ineffective allocation as a result of reductions of external funding;
- Advocating national governments to provide funding on the basis of allocative efficiency;
- Making funding available for civil society organizations and key population networks in accordance with principles of allocative efficiency; and
- Expanding the fiscal space for funding the HIV response through a range of financing modalities consistent with achieving sustainable funding.

El Salvador HIV Grant: The Ministry of Health (SLV-H-MOH) and Plan International (SLV-H-PLAN)

1.2 Simplified approach. The El Salvador HIV program submitted a CCM funding request through a simplified approach, which was deemed non-material reprogramming and did not go through TRP review. This request is informed by and it is aligned to the prior TRP recommendations, as well as being focused

on strategic investment directed at high impact and effective interventions. The HIV program's key priorities build upon the lessons learned of current HIV grants, reviewed by the TRP in 2013 with the wave of early applicants. This funding request was developed through a participatory and inclusive country dialogue. The HIV program's key priorities build upon and are aligned with the grant currently underway which runs from 1 January 2014 to 31 December 2016.

1.3 Strategic focus of the program. The HIV epidemic in El Salvador is concentrated among key populations of transgender people, men who have sex with men and female sex workers with respective prevalence rates of 16.6 percent (2014), 13.9 percent (2015) and 1.9 percent (2014). Prisoners are also vulnerable to HIV, given the current overcrowding and security conditions in prisons which can lead to behaviors that carry the risk of acquiring HIV. The aim of the program is to intensify the efforts in the prevention of HIV among vulnerable populations, strengthen national capacities for treatment monitoring and adherence, and accelerate the path toward a sustainable national response. In order to enhance the effectiveness and impact of the funded interventions, changes to the current HIV grant include:

- Scaling up preventative services to men who have sex with men;
- Progressive transition of investments in ART, in order to promote increased domestic financing; and
- Increasing collaboration between the Government of El Salvador and civil society

1.4 Operational issues, risks and implementation challenges. The CCM has confirmed the existing Principal Recipients for the new grants, these being Plan International, Inc. and the Ministry of Health, both of which show adequate capacities in terms of financial management and reporting. El Salvador is currently experiencing a serious fiscal crisis and this situation might affect the country capability of fulfilling existing commitments in terms of key commodities and supplies for ART. The Secretariat will provide ongoing support for a sustainability and transition plan linked to the new allocation, and through this exercise specific risks and mitigating measures will be identified.

1.5 Domestic contributions. Total domestic financial commitments amount to US\$109, 845,553 which represents approximately 71.4% of total resources available for the next implementation period. During this implementation period, domestic commitments will increase, with the Government of El Salvador financing 100 percent of ARV-related needs, as well as 60 percent of CD4 and viral load-related needs by the end of the grant. Additionally, Global Fund financing of supplies related to prevention of mother-to-child transmission will decrease in order to accommodate increased domestic financing in this area.

Guyana Malaria Grant: The Ministry of Health (GYA-M-MOH)

1.6 Strategic focus of the program. Malaria transmission is highly endemic to the hinterland regions of Guyana, in which 10 percent of the country's population resides and where over 90 percent of recorded malaria cases occurred in 2015. Malaria in Guyana occurs predominately among males (73.8 percent) between the ages of 18 to 35, which corresponds to the profile of the gold mining population active in the hinterlands as well as indigenous Amerindian groups living throughout the interior of the country. In order to address the malaria burden in Guyana and in alignment with the national malaria strategic plan, the goals of the Global Fund-financed program are to:

- Reduce overall malaria burden by at least 40 percent by 2019 relative to 2014; and
- Facilitate elimination of local *P. falciparum* transmission by 2019 in low endemic regions.

These goals will be achieved through:

- Reinforcing coordination of all malaria activities with regional health departments and stakeholders;
- Strengthening malaria surveillance, data management, and monitoring and evaluation;
- Reinforcing malaria diagnosis and treatment among high-risk and vulnerable populations; and
- Optimizing use of long lasting insecticide-treated nets (LLINs) through information, education and communication.

1.7 Operational issues, risks and implementation challenges. In response to the emerging Zika epidemic in the coastal non-malaria endemic areas of Guyana, the government will distribute bednets to pregnant women. The Global Fund will finance LLINs in malaria-endemic regions in order to enable the

Government of Guyana to reprioritize funds initially intended for these areas for pregnant women in the coastal region. The Secretariat has worked with the country to ensure that this is a one-off investment that will not displace long-term government funding and that the Government of Guyana will continue to finance the distribution costs of LLINs in malaria-endemic areas. To minimize additional risks, the procurement of LLINs will happen through the Global Fund's Pooled Procurement Mechanism.

1.8 Investigation by the Office of the Inspector General (OIG). Following an OIG investigation report released in April 2016, the Principal Recipient of the current GYA-M-MOH grant is required to reimburse the amounts of US\$56,966 and US\$6,058 respectively for non-compliant and ineligible expenditures by 15 December 2016. Six management actions also resulted from the report, which are being followed up on by the Secretariat.

1.9 Salaries in the grant. During this implementation period, the Government of Guyana will take over human resource costs under the current grant, contributing to the eventual sustainability of the country's disease program. Of the 14 positions budgeted at the central and regional level, two posts will be absorbed by the government in year 2 as well as an additional seven in year 3.

1.10 Domestic contributions. Total domestic financial commitments amount to US\$4,074,424, which represents approximately 73 percent of total resources available for the next implementation period. Guyana's overall budget for health increased in 2016 by 27 percent, with disease control increasing by 70 percent compared to the previous implementation period. All infrastructure costs previously financed by the Global Fund have been transitioned to the Government of Guyana under this grant, underscoring a continued commitment by the government to ensure gradual absorption of programmatic costs.

02 Summary of the Deliberations of the Secretariat's Grant Approvals Committee (GAC) on Additional Funds

Indonesia TB program investment of additional funds: Ministry of Health (IDN-T-MOH)

1.11 Recommendation. The GAC endorses the investment of US\$3 million of the Indonesia allocation to be funded through the World Bank Multi-Donor Trust Fund to support transition readiness in Indonesia. The activities included have been reviewed and revised by the CCM and in-country stakeholders, and are intended to be additional and complementary to work already completed, underway or planned.

1.12 Background. The Indonesia TB and HIV programs were approved by the Board for a total of US\$167.4 million through GF/B34/EDPo2 on 23 December 2015. As described in GF/B34/ERO2, the total funding approved by the Board in December 2015 did not include US\$ 9 million of potential funding from the allocation. As full utilization of the grant budgets would require doubling program absorption over their implementation periods, the balance of US\$9 million remained unprogrammed after grant making. However, the Secretariat informed the Board of possible opportunities to invest portions of such funds in a Multi-Donor Trust Fund through the World Bank to build resilience and sustainability in the health system. The GAC endorsed using US\$3 million of the remaining US\$ 9 million to support Indonesia's transition readiness work through this Multi-Donor Trust Fund, pending the negotiation of suitable implementation arrangements. The remaining US\$6 million was returned to the general funding pool.

1.13 Strategic focus of the additional funds. This investment will promote synergies with other work on transition planning and facilitate engagement of a broader set of government and non-government stakeholders beyond those normally supported by Global Fund grants. Technical assistance from the World Bank will strengthen national planning and capacity for integration of donor-funded programs into social health insurance or other domestic funding channels. Activities covered by this additional investment include:

- Comprehensive health financing and institutional assessments: Review of the landscape of TB financing and care in Indonesia, integration of TB as a focus topic expanding on the World Bank's Health Financing System Assessment, and a feasibility analysis exploring the further integration of TB services into the national health insurance scheme.

- Technical assistance and capacity building: To support further analysis and technical support on sustainability and transition planning, the development of sub-national domestic health financing strategies, capacity-building for the Health Care and Social Security Agency, and the translation of regulation from the federal to lower levels in the context of the decentralized health system.
- Knowledge generation and exchange activities: To support the approach of the Methods for Economic Evaluation Project as a guide to standardize economic evaluations.

1.14 Operational risks, challenges, and implementation arrangements. Implementation of these activities will be performed by the World Bank via a direct agreement between the Global Fund and the World Bank. This arrangement will not create any direct risks for grant performance or absorption, is a good opportunity to better understand the risks and opportunities of working through a multi-donor trust fund. The Secretariat will document key issues and how they are resolved, in order to develop lessons learned that can underpin other collaborative financing efforts with the World Bank. In order to minimize the additional risk of duplication, established channels of communication with other donors will be employed and the fund will hold regular coordination meetings.

1.15 Office of the Inspector General (OIG) review of implementation arrangements. The question of restricted audit and access rights was raised as a concern by the OIG early on in negotiations. The Secretariat and OIG have engaged in a due diligence exercise to review the assurance mechanisms available under the proposed arrangement. Following this exercise and review, the OIG provided a no objection to the arrangement. The OIG has noted that if additional funding arrangements with the World Bank are contemplated outside of the standard Externally Financed Output (EFO) framework, the Secretariat should review how to take this forward.

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