

Electronic Report to the Board

Report of the Secretariat's Grant Approvals Committee

GF/B39/ER03

Board Decision

Purpose of the paper: This document proposes the decision point as follows:

1. GF/B39/EDP03: Decision on the Secretariat's Recommendation on Funding from the 2017-2019 Allocation^{1,2}

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

¹ Bhutan HIV, Bhutan Malaria, Bhutan TB, Chad Malaria, Lesotho TB/HIV. Total recommended amounts to the Board are **US\$ 71,435,529** and **EUR 33,547,425**; this includes country allocation funding as well as **US\$ 1,500,000** of catalytic investments.

² In addition, the integration of **US\$ 4,699,999** and **EUR 4,750,757** of matching funds (catalytic investments) into the respective existing grants of Cote d'Ivoire HIV and Mozambique HIV and TB/HIV, is recommended.

Decisions

A summary of relevant past decisions providing context to the proposed Decision Point can be found in Annex 1.

Decision Point: GF/B39/EDPO3: Decision on the Secretariat's Recommendation on Funding from the 2017-2019 Allocation

The Board:

- 1. Approves the funding recommended for each country disease component, and its constituent grants, as listed in the Tables 1a and 1b to GF/B39/EDPO3 ("Table 1a" and "Table 1b");*
- 2. Acknowledges each country disease component's constituent grants will be implemented by the proposed Principal Recipients listed in Table 1a and Table 1b, or any other Principal Recipient(s) deemed appropriate by the Secretariat in accordance with Global Fund policies;*
- 3. Affirms the funding approved under this decision (a) is subject to the availability of funding, and (b) 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 operating expenses.

Executive Summary

Context and Input Received

- The Secretariat recommends the approval of funding up to an amount of US\$ 71,435,529 and EUR 33,547,425; this includes country allocation funding as well as US\$ 1,500,000 of matching funds. The recommended investments are translated into 6 grants, of which 2 include matching funds. In addition, the Secretariat recommends the approval of US\$ 4,699,999 and EUR 4,750,757 of matching funds to be integrated into 4 grants that were approved by the Board in 2017.
- The grants in Table 1a have been found to be disbursement-ready by the Global Fund Secretariat following a thorough review process and in consultation with Partners.
- The funding request for each country component was reviewed by the Technical Review Panel (TRP) and determined to be strategically focused and technically sound. The TRP, upon its review and when relevant, highlighted issues for the applicant to clarify or address during grant-making and/or grant implementation.

- During grant-making, the applicant refined the grant documents, addressed relevant issues raised by the TRP and Grant Approvals Committee (GAC) and sought efficiencies where possible. For each grant the GAC reviewed: the strategic focus of the program; operational issues, risks and implementation challenges; domestic contributions; and the final grant documents for disbursement-readiness. The GAC also confirmed that the applicant addressed issues requested for clarification by the TRP or the Secretariat to its satisfaction. Additionally, the GAC endorsed the reinvestment of efficiencies in one of the following: (i) the areas recommended by the TRP; (ii) other disease components of the same applicant – in the case that the TRP did not provide such recommendations; or (iii) the general funding pool.

Input Sought

1. The Board is requested to review the request and agree on a ‘no objection’ basis, the decision point GF/B39/EDP03: Decision on the Secretariat’s Recommendation on Funding from the 2017-2019 Allocation Period.
2. A list of documents per disease component to substantiate the Board decision is provided below.
 - Funding request;
 - Funding request Review and Recommendation Form;
 - Grant-making Final Review and Sign-off Form;
 - Grant Confirmation; and
 - TRP Clarification Form (applicable only if the TRP requested clarifications).
3. The GAC has reviewed the materials associated with each grant in Table 1a and has deemed the grants disbursement-ready. All relevant documents containing the Secretariat’s reasons for its recommendations to the Board have been posted on the Governance Extranet available at [this](#) link.

Table 1a: Secretariat’s Funding Recommendation on Funding from the 2017-2019 Allocation - Please note that each country name is linked to the extranet site where supporting documents are available for review

N	Applicant	Disease component	Grant name ³	Grant end date	Currency	Total program budget	Catalytic funds in grant	Domestic commitment ⁴	Unfunded quality demand
1	Bhutan	HIV/AIDS	BTN-H-MOH	30/06/2021	USD	1,081,903	N/A	1,688,596	233,423
2	Bhutan	Malaria	BTN-M-MOH	30/06/2021	USD	1,432,470	N/A	4,661,147	348,384
3	Bhutan	TB	BTN-T-MOH	30/06/2021	USD	1,074,146	N/A	2,545,133	249,506
4	Chad⁵	Malaria	TCD-M-UNDP	30/06/2021	EUR	33,547,425	N/A	13,210,339	5,115,034
5	Lesotho	TB/HIV	LSO-C-MOF	30/06/2021	USD	55,499,451	1,500,000	147,378,805	448,641
6		TB/HIV	LSO-C-PACT	30/06/2021	USD	12,347,559			

Table 1b: Secretariat’s Funding Recommendation on Integrating Matching Funds Funding into Board Approved Grants from the 2017-2019 Allocation - Please note that each country name is linked to the extranet site where supporting documents are available for review

N	Applicant	Disease Component	Grant Name	Additional Funding Source	Currency	Previously Approved Program Budget	Recommended Additional Funding	Revised Program Budget	Strategic Priority Areas For Investments
1	Cote d’Ivoire	HIV/AIDS	CIV-H-ACI	Catalytic Funds (Matching funds)	EUR	19,062,890	4,750,757	23,813,647	HIV: Key populations impact and HIV: Programs to remove human rights-related barriers to health services
2	Mozambique	HIV/AIDS	MOZ-H-FDC		USD	27,875,236	547,758	28,422,994	HIV: Programs to remove human rights-related barriers to health services
3			MOZ-H-MOH		USD	249,416,867	1,708,044	251,124,911	
4		TB/HIV	MOZ-C-CCS		USD	27,850,971	2,444,197	30,295,168	

³ The Grant names are subject to change based on the ISO code.

⁴ Domestic commitments pertain to the disease programs and exclude other specific commitments for RSSH, unless otherwise specified. Commitments for disease specific programs and RSSH are subject to local currency value fluctuation against US dollar and Euro currencies.

⁵ Final upper ceiling may be adjusted, subject to Board approval.

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

1.1 Unless otherwise specified below, each applicant has met the willingness-to-pay requirements for the 2014-2016 allocation period and the co-financing requirements for the 2017-2019 allocation period as set forth in the Sustainability, Transition, and Co-Financing (STC) Policy. Domestic commitments for disease-specific and health-related spending are subject to local currency value fluctuations against US dollars and Euro currencies.

Chad Malaria grant: United Nations Development Programme (TCD-M-UNDP)

1.2 Malaria is a major public health problem in Chad and the leading cause of morbidity and mortality. The Global Fund investments in the malaria program will be focused on key activities, including (i) vector control with a mass distribution campaign of 4.2 million LLINs in 2020 reaching 44 percent of the population in need, as well as routine distribution of LLINs reaching 81 percent of pregnant women and children; (ii) preventive interventions such as intermittent preventive treatment for pregnant women (IPTp) to reach 60 percent of pregnant women and seasonal malaria chemoprophylaxis (SMC) to cover 95 percent of children in 14 Global Fund-financed districts; (iii) case management so that 75 percent of suspected malaria cases are tested (including 100 percent at the community level) and 98 percent of confirmed malaria cases are treated (including 100 percent at the community level). The Global Fund investments will also partially cover the need of the approximately 438,695 refugees hosted in Chad.

1.3 Co-financing and domestic commitment

- In the 2014-2016 allocation period, Chad met 61 percent of the Global Fund's minimum requirement for willingness to pay (WTP) across the three components and RSSH. The Government's WTP commitment was anticipated to cover procurement of essential commodities such as ACTs and LLINs for 6 districts during the last mass distribution campaign. As the commitment did not fully materialize the commodities were not procured and the Global Fund was able to cover 1 of the 6 districts from savings identified during grant implementation. Considering the extenuating circumstances faced by the Government of Chad (economic crisis and security issues) and that Chad is considered a challenging operating environment (COE), the WTP requirements of the 2014-2016 allocation period have been waived, in line with the Global Fund's policy on Co-Financing.
- The Government of Chad has committed to contribute EUR 13.2 million in the 2017-2019 allocation period, through a letter jointly signed by the Minister of Health and the Minister of Finance (dated 3 April 2018). This commitment plans to support (i) salaries and operational costs of the National Malaria Control Program (NMCP) for EUR 883,338; (ii) the Government's "free malaria health care services program" for EUR 7.5 million; and (iii) a portion of the 2020 LLIN mass distribution campaign for EUR 4.9 million (EUR 3.3 million for the procurement of LLINs and EUR 1.6 million for the operational costs of the campaign).
- Given previous challenges with meeting the WTP requirements and the projected macro-economic and fiscal context, there is a significant risk that the Government of Chad will not be able to meet its commitment for the 2017-2019 allocation period. To mitigate this risk, the Secretariat will continue to engage with stakeholders by: (i) working with the Government and Partners to ensure direct investments to cover critical gaps are prioritized in the Government budget; (ii) working with donors to ensure expenditures for HIV, TB and malaria are prioritized for budgetary support within the social sector; (iii) introducing a tracking mechanism to monitor co-financing commitments through a formal agreement with the Ministry of Health and Ministry of Finance of Chad; and (iv) supporting the Ministry of Health through technical assistance for the development of a comprehensive health financing strategy and institutionalization of national health accounts as a means of tracking health expenditures. Additionally, the Secretariat will request regular reporting from the Government on co-financing compliance.

- Acknowledging the critical gaps on LLINs for mass distribution campaign in 2020 and the importance of maintaining previously achieved LLIN coverage levels and covering all at risk populations, the Government intends to organize a resource mobilization conference in Quarter 3 of 2018 to try to mobilize additional resources to cover the LLIN gap.

1.4 GAC review and recommendations:

- The GAC noted the country's efforts in this challenging operating context and expressed concerns regarding the projected LLIN gap in the 2020 mass distribution campaign and in the coverage of vector control needs for refugee populations. The gap in the mass distribution campaign will affect regions that were previously covered by the Global Fund during the 2014-2016 allocation period, as the funding available for the 2020 mass distribution campaign is currently able to cover 6 out of 19 regions, versus 13 out of 19 in 2017 (i.e. 80 percent coverage in 2017 to a 44 percent coverage of the population at risk in 2020). In this regard, the GAC Partners committed to continue their advocacy in order to support the country with resource mobilization and suggested that the prioritized above allocation request (PAAR) will be revised in order to include the LLIN gap for the mass campaign as high priority.
- Additionally, should any efficiencies be found during grant-making of the TB, HIV and RSSH programs, the GAC supported a revision of the program split to allow for reinvestment of such savings into the malaria program to fill the LLIN gap.
- The GAC acknowledged the influx of approximately 438,695 refugees in Chad and the additional responsibility that the Government is facing to cover the malaria response needs of the refugee population. Taking into account the limited funding available and critical gaps for the LLINs in 2020, the GAC and Partners recommended the Secretariat to work with relevant country stakeholders to explore other sources of funding to cover the needs of this population.
- The GAC and Partners also noted the weaknesses in the national procurement system and supply chain management, which previously led to stock outs, diversion of nets, expiration of health products and treatment disruption. To mitigate similar risks in the proposed grant, the Secretariat has undertaken a comprehensive diagnosis in order to put in place a supply chain transformation plan to address current bottlenecks. In the shorter term, procurement will be handled through UNDP and a risk mitigation plan to prevent health product diversion will be requested from the Principal Recipient. The GAC also welcomed Partners' work on the restructuring of the central medical store and technical assistance for capacity building of the overall supply chain management.

Lesotho TB/HIV grants: Ministry of Finance of the Kingdom of Lesotho (LSO-C-MOF); Pact Lesotho (LSO-C-PACT)

1.5 Lesotho is one of the countries in the world most affected by the HIV and TB epidemic. The country's HIV prevalence rate of 25 percent among adult men and women aged 15-49 years is the second highest globally. The estimated incidence of TB is 724 per 100,000 population. HIV prevalence among TB cases is 73 percent. The HIV component of the grants will be focused on (i) HIV prevention through a defined package of services to reach 18.6 percent of Adolescent Girls and Young Women and 2,800 sex workers and their clients annually, as well as preventing mother to child transmission (PMTCT) by performing early infant diagnosis for 95 percent of exposed infants by 2021; (ii) HIV treatment, care and support so that 89 percent of people living with HIV are on ART; (iii) TB/HIV so that 92 percent of co-infected patients are given ART by 2021. The TB component of the grants will focus on (i) TB care and prevention so that 23,413 cases are notified by 2021 and 90 percent of treatment success is reached; (ii) MDR-TB so that 944 rifampicin resistant and/or drug resistant cases are notified by 2021.

1.6 Co-financing and domestic commitment:

For the 2017-2019 allocation period, the Government of Lesotho committed to (i) incrementally increase the HIV budget by 5 percent annually and continue financing HIV commodities up to US\$ 21,761,641; (ii) fund 100 percent of first line TB drugs, TB reagents and other lab consumables up to US\$ 8,373,249; and (iii) implement the Human Resource Transition plan which will transition 21 percent (up to US\$ 546,000) of positions that are currently financed by the Global Fund by 2021.

1.7 GAC review and recommendations:

- While noting progress in delivering specific programmatic targets, the GAC and Partners expressed concern that the Lesotho program has not achieved sufficient impact on the high HIV and TB burdens, particularly in light of the level of resources invested over the past funding cycles. Moreover, the GAC noted that the HIV epidemic is among the highest in the world, particularly in adolescent girls and young women. The GAC and Partners specifically remarked on this given that Lesotho is often an early adopter of normative guidance, and reflected that more focus on supporting the translation of normative policies into implementation strategies, ensuring policy adherence and strong implementation at the community and facility levels may be where additional efforts might be most beneficial.
- Looking at preliminary data from partners, the GAC and Partners noted that while one third of the new infections at the end of 2016 (estimated 21,000) was among youth (15-24 years old), incidence is considerably higher in girls between 15-24 years old, where it was 1.8 versus 0.1 in males in the same category. They stressed that in order to advance the program, it would be critical to address this. They also noted that prevalence of HIV is highest among girls between the ages of 15-19 years, followed by a similar high burden among young women aged 20-24 years where prevalence is almost at 16.7 percent (compared to 4 percent amongst young men in the same age category). The GAC and Partners hence noted the need for a significant shift in design and implementation of programmatic approaches to ensure that adolescent girls and young women, as well as other key populations, are reached. Partners noted that once on treatment viral suppression is similar between males and females. There are however challenges with HIV testing (i.e., finding people living with HIV) and initiation of treatment.
- Even though overall the country is progressing towards 90-90-90 treatment targets, the GAC and Partners noted the need to revisit the HIV testing strategy and the HIV testing services targets because results on testing and linkages to care are weak. A particular focus should be placed on increasing HIV testing for sex workers and men who have sex with men. The Secretariat and Partners will continue to be strongly involved in monitoring activities, namely by introducing regular updates on testing targets and the status of health products to avoid stock outs.
- To respond to the situation, the grant recommended for Board approval will focus on differentiated strategies whereby treatment strategies undertaken will be differentiated and community based and will include self-testing. The program will also include better access to health services, and comprehensive sex education for younger girls through greater geographical coverage across eight districts for adolescents and youth and thus complement US Government's PEPFAR DREAMS program in the other two districts (all 10 districts in Lesotho will be covered in the 2017-2019 period).
- The Secretariat emphasized the need to closely monitor the program and to be able to make adjustments based on ongoing evaluations of strategies. As new data becomes available, the Secretariat will have the flexibility to reprogram the grant in order to adapt or adjust to new strategies to best respond to the epidemic. The GAC also recommended follow up through the Secretariat during grant implementation to better understand and address factors underlying lack of impact and implementation bottlenecks. In addition, the GAC stressed the need for continued collaboration with in-country stakeholders and technical partners, specifically US Government's PEPFAR, to identify game-changing strategies and actions needed to reverse the epidemics.
- The GAC and Partners noted the high program management costs of the proposed grant implemented by civil society, acknowledging this, in part, is due to the labor intensive nature of the advocacy and prevention activities required by the program in a complex civil society environment.
- The GAC and Partners also highlighted the high dependency on external resources for Human Resources for Health (HRH) and welcomed the Government's commitment to implement a Human Resource Transition plan by absorbing 21 percent of the Global Fund contribution to HRH by the end of the grant implementation period. The GAC and Partners expressed their willingness to engage with the country to provide ongoing support for capacity strengthening in the national TB and HIV programs to further improve the implementation of agreed strategies.
- The GAC and Partners welcomed the financing of the TB prevalence survey, considering the importance of co-infection in the country.
- The GAC and Partners suggested that Lesotho draw from lessons learned in neighboring countries that have achieved good results in TB case notification, for example through systematic TB screening of people living with HIV at health facilities.

2 Grant Revisions

Integration of Matching Funds into Board Approved Grants

2.1 Certain applicants submitted their allocation funding request under the TRP Review Window of June 2017 and exercised the flexibility of submitting their matching funds requests separately from their allocation. In order to integrate the matching funds into their existing grants, which were previously approved by the Board, the GAC reviewed and recommended matching funds for four grants listed in Table 1b. In collaboration with Partners, the GAC assessed the Mozambique and Cote d'Ivoire matching funds requests. The countries were not able to meet the 1:1 match condition with respect to the "programs to remove human rights-related barriers to health services" catalytic priority. The 1:1 match condition requires that funding within the 2017-2019 allocation invested in the strategic priority area is equal to, or more than, the matching funds requested. Based on TRP recommendations and noting the operating environment as well as the potential catalytic effect / impact of the investments, the GAC approved waivers to this condition for Mozambique and Cote d'Ivoire.

3 Privileges and Immunities

3.1 Of the applicants for which funding recommendations are currently being made, Mozambique has signed and ratified the Global Fund Agreement on Privileges and Immunities. Cote d'Ivoire has signed but not ratified the Global Fund Agreement on Privileges and Immunities. Countries not specified above have not yet signed the Global Fund Agreement on Privileges and Immunities

Annex 1 – Relevant Past Decisions

1. Pursuant to the Governance Plan for Impact as approved at the Thirty-Second Board Meeting,⁶ 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/B38/EDP02: Decision on the Secretariat's recommendation for funding the Cote d'Ivoire HIV grants and Mozambique HIV and TB/HIV grants in November 2017.	This decision point approved the Cote d'Ivoire HIV grants (including CIV-H-ACI) and Mozambique HIV and TB/HIV grants (including MOZ-H-FDC, MOZ-H-MOH, MOZ-C-CCS)

⁶ 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/>)