

# Electronic Report to the Board

## Report of the Secretariat's Grant Approvals Committee

GF/B39/ER01

### Board Decision

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

1. GF/B39/EDP01: Decision on the Secretariat's Recommendation on Funding from the 2017-2019 Allocation<sup>1,2</sup>

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

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<sup>1</sup> Angola HIV, Angola Malaria, Costa Rica HIV, Gambia Malaria, Kyrgyzstan TB/HIV, Sierra Leone TB/RSSH/Malaria, Sierra Leone Malaria, Swaziland TB/HIV, Turkmenistan TB, Uzbekistan HIV, Uzbekistan TB. Total recommended amounts to the Board are **US\$ 234,160,992**; this includes country allocation funding as well as **US\$ 7,399,840** of catalytic investments.

<sup>2</sup> In addition, integration of **US\$ 2,975,025** and **EUR 2,673,300** of matching funds (catalytic investments) into the respective existing grants of DR Congo Malaria and Cote d'Ivoire Malaria, are 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/EDP01: 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/EDP01 ("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\$ 234,160,992; this includes country allocation funding as well as US\$ 7,399,840 of catalytic investments. This funding relates to 13 grants including four with matching funds. In addition, the Secretariat recommends the approval of US\$ 2,975,025 and EUR 2,673,300 of catalytic investments (matching funds) to be integrated into two grants already Board approved.
- 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.
- During grant-making, the applicant refined the grant documents, addressed 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/EDP01: 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 <sup>3</sup>	Grant end date	Currency	Total program budget	Catalytic funds in grant	Domestic commitment <sup>4</sup>	Unfunded quality demand
1	<a href="#">Angola</a>	HIV	AGO-H-UNDP	30/06/2021	US\$	23,110,399		87,391,605	10,866,918 <sup>5</sup>
2	<a href="#">Angola</a>	Malaria	AGO-M-MOH	30/06/2021	US\$	13,470,603		119,513,010	1,404,612
3			AGO-M-WVI	30/06/2021	US\$	8,529,397			
4	<a href="#">Costa Rica</a>	HIV	CRI-H-HIVOS	30/06/2021	US\$	2,120,098		225,200,000	953,034
5	<a href="#">Gambia</a>	Malaria	GMB-M-MOH	30/06/2021	US\$	13,895,813		3,736,273	
6	<a href="#">Kyrgyzstan</a>	TB/HIV	KGZ-C-UNDP	31/12/2020	US\$	20,959,824	999,840	40,128,221	
7	<a href="#">Sierra Leone</a>	Malaria	SLE-M-CRS	30/06/2021	US\$	5,313,275		8,874,796	
8	<a href="#">Sierra Leone</a>	TB/Malaria /RSSH	SLE-Z-MOHS	30/06/2021	US\$	60,511,376	4,900,000		
9	<a href="#">Swaziland</a>	TB/HIV	SWZ-C-CANGO	30/09/2021	US\$	6,307,769	1,154,895	160,580,000	27,461,869
10			SWZ-C-NERCHA	30/09/2021	US\$	40,417,023	345,105		
11	<a href="#">Turkmenistan</a>	TB	TKM-T-UNDP	30/06/2021	US\$	3,956,665		38,915,457	440,383
12	<a href="#">Uzbekistan</a>	HIV	UZB-H-RAC	30/06/2021	US\$	16,567,919		86,079,939	124,824
13	<a href="#">Uzbekistan</a>	TB	UZB-T-RDC	30/06/2021	US\$	19,000,831		132,047,341	

<sup>3</sup> The Grant names are subject to change based on the ISO code.

<sup>4</sup> 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.

<sup>5</sup> The AGO-H-UNDP UQD corresponds to the TB/HIV combined amount.

**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	<a href="#">DR Congo</a>	Malaria	COD-M-MOH	Matching funds	US\$	46,639,215	2,975,025	49,614,240	RSSH: Data systems, data generation, data use
2	<a href="#">Cote D'Ivoire</a>	Malaria	CIV-M-MOH	Matching funds	EUR	81,143,940	2,673,300	83,817,240	RSSH: Data systems, data generation, data use

# 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.

## **Angola HIV Grant: United Nations Development Programme (AGO-H-UNDP); Angola Malaria Grants: Ministry of Health of the Republic of Angola (AGO-M-MOH); World Vision International (AGO-M-WVI)**

1.2 HIV: The HIV epidemic in Angola is generalized with high prevalence among key populations. The proposed grant is in line with the national and global 90-90-90 targets and will enable the reduction in morbidity and mortality by (i) prioritizing of interventions for key and vulnerable populations; and (ii) supporting treatment care and support focused on prevention of mother to child transmission (PMTCT).

1.3 Malaria: With recent outbreaks and increased malaria cases in Angola, malaria remains a major public health threat and is a principal cause of morbidity and mortality throughout the country. Given its geostrategic location, the malaria situation in Angola impacts the entire region. The grant will support the National Malaria Strategic Plan to reduce malaria morbidity from 14 percent in 2016 to 6 percent by 2020, and mortality from 53.8 percent in 2016 to 21.5 percent by 2020. The Global Fund investments will focus on (i) scaling up case management to achieve 95 percent of suspected malaria cases confirmed with a parasitological test and 95 percent of confirmed malaria cases to receive first line treatment; and (ii) scaling up integrated community case management in key provinces and through the government community system.

### 1.4 Co-financing and domestic commitment:

- Co-financing commitments for 2017-2019 show a significant increase and exceed the minimum co-financing requirements. Angola's investments are focused on essential health commodities including vector control and treatment for vulnerable populations for malaria, as well as prevention and treatment for HIV including for key and vulnerable populations. For malaria, additional Government funding will replace the Global Fund's investments in vector control and case management (including procurement of LLINs, ACTs and rapid diagnostics test kits (RDTs)). For HIV, additional investments will cover needs for ARV treatment - due to the gradual roll-out of the test and treat strategy - viral load reagents, RDTs, condoms and lubricants.
- Whilst the Government of Angola complies with the minimum level of co-financing commitments it is insufficient to cover the full need for essential health commodities. There are significant gaps in essential services, particularly regarding the procurement of medications and health commodities.
- Considering Angola's current macroeconomic and fiscal context, the Secretariat will monitor the risk of disruption to essential services for HIV and malaria through: (i) the inclusion of indicators and targets for Government-financed interventions and monitoring the Government's uptake of essential services; (ii) monitoring quarterly quantification reports and stock levels; (iii) continued high-level advocacy with Partners, including ensuring stronger coordination to address emergency situations, where needed; and (iv) financial support for the Health Financing Strategy and National Health Accounts (NHA) and the use of NHA Production Tool during the 2019 – 2021 period.

### 1.5 GAC Review and Recommendation:

- The GAC noted critical gaps in the financing of national program(s) and that these gap(s) could be exacerbated if domestic commitments do not materialise. The GAC stressed the importance of the Government domestic commitments and welcomed the Global Fund's and Partners' continued advocacy efforts to encourage the realisation of commitments.

- The GAC acknowledged the complex country context, while commending the proposed grant strategy and ongoing collaboration with Partners. Acknowledging the 2016 malaria upsurge, the GAC encouraged the reinforcement of epidemic preparedness and surveillance to ensure that the malaria program can detect suspected outbreaks and respond accordingly. To ensure high quality procurement while the country strengthens its national supply chain in the longer term, the GAC noted that UNDP will be the procurement agent for HIV and Wambo.org will continue to be used for malaria commodity procurement.

### **Costa Rica HIV Grant: Humanist Institute for Co-operation with Developing Countries (CRI-H-HIVOS)**

1.6 Although Costa Rica remains eligible for HIV, the country opted to use a Tailored Transition Funding Request to submit their application for Global Fund financing. When Costa Rica became eligible for funding during the 2014-2016 allocation period, they invested grant funds such that investments were catalytic to domestic financing. Country stakeholders continued this approach for the 2017-2019 allocation period to plan for a smooth transition from Global Fund funding with an efficient and sustainable program. Costa Rica's transition planning has been commendable, with an inclusive and robust country dialogue.

#### **Co-financing and domestic commitment:**

- Costa Rica's HIV co-financing commitment for the 2017-2019 period (US\$ 255 million) will be allocated to care, treatment and support, prevention and program management. Specific domestic financing commitments include co-financing of the transition work plan, which is focused on sustaining HIV responses for key populations.
- The rest of the transition work plan is costed and financed (with the largest part being financed from the National Health Institute). The work plan consists of US\$ 19.3 million of which Global Fund financing is just 11 percent. The plan is aimed mainly at prevention, treatment and care for men who have sex with men and transgender people, and ensuring the increase of national funding and sustainability.

### **Kyrgyzstan TB/HIV Grant: United Nations Development Program (KGZ-C-UNDP)**

1.8 Kyrgyzstan is one of the 30 high-MDR-TB burden countries in the world. The HIV epidemic in Kyrgyzstan is concentrated among key populations, with an estimated HIV prevalence in adult general population of 0.13 percent in 2016. Program activities will focus primarily on key populations with an aim to (i) reduce HIV incidence and mortality by 50 percent by 2021 (compared to 2015); and (ii) increase the treatment success among sensitive forms of TB to 85 percent and to 67 percent among MDR-TB by 2020.

1.9 **Co-financing and domestic commitment:** The Government has committed US\$ 35,388,762 for TB and US\$ 4,739,459 for HIV for the 2017-19 period, thereby complying with its co-financing requirements.

#### **GAC review and recommendation:**

- The Global Fund allocation and domestic funding only partially cover the full ART need for 2020. The GAC and Partners underscored the need for intensified domestic resource mobilization. The Government plans to gradually take over the ARV procurement needs (20 percent in 2019 and 30 percent in 2020) and the Global Fund grant will cover the remaining procurement. Should the Government commitments not materialize, a 50 percent funding gap in ARVs could result by 2020. The Secretariat will continue its advocacy efforts; collaboration with technical Partners to optimize ART regimes to generate efficiencies for reinvestment into ART; and active monitoring of the portfolio to identify opportunities for reprogramming and reinvestments.
- While the TB/HIV grant is on track to deliver the targets by 2020, the GAC and Partners expressed concerns that the percentage of people living with HIV on ARV treatment remains low. The Secretariat clarified that using recently available analysis on barriers for expanding ART coverage, the Secretariat is closely collaborating with Partners on improvements to primary health care (PHC) and on the integration of HIV-related indicators into the PHC system.
- The GAC and Partners recommended advanced planning to transition from UNDP to a national Principal Recipient (PR). It was clarified that while UNDP was nominated as PR to mitigate fiduciary

risks, the Secretariat is actively engaged with country stakeholders to identify a suitable national entity to become PR and a nomination is expected from the CCM by the end of 2018.

**Sierra Leone TB, RSSH and Malaria Grant: Ministry of Health and Sanitation of Sierra Leone (SLE-Z-MOHS) and Malaria Grant: Catholic Relief Services – United States Conference of Catholic Bishops (SLE-M-CRS)**

1.11 The proposed multi-component grant managed under the Ministry of Health and Sanitation (MOHS) builds on the achievements of the grant for the 2014-2016 allocation period, designed as the country was emerging from the Ebola virus disease outbreak. The grant activities are aligned with the National Leprosy and Tuberculosis Control Programme Strategic Plan, the Sierra Leone Malaria Control Strategic Plan, as well as the Health Sector Recovery Plan. The proposed investments incorporate lessons learned from the Ebola outbreak recovery. The civil society SLE-M-CRS grant will focus on advocacy, communication and social mobilization interventions, and was designed to support Malaria activities in the government MOHS grant to enhance the uptake of prevention and treatment services.

1.12 **Co-financing and domestic commitment:**

- Historic Government contributions complemented by Global Fund support to programs have been mainly allocated to human resource costs, recurrent program management expenses and ancillary costs of supportive interventions. Domestic budget commitments for the three programs (excluding human resources costs) in 2018-2020 is about US\$ 11.4 million, which represents a 278 percent increase in direct Government spending on the three disease programs, compared to the 2014-2016 period. Government commitments for the 2017-2019 allocation period are US\$ 6,641,126 for HIV, US\$ 1,445,129 for TB, and US\$ 5,619,913 for malaria, which complies with the co-financing requirements.
- In addition to the increase in investment, the primary additional domestic commitment for the next implementation period is to absorb costs of ARV procurement to cover 8 percent (2018), 10 percent (2019) and 12 percent (2020) of the HIV treatment targets.

1.13 **GAC review and recommendation:**

- The GAC Partners acknowledged the community systems' response through community health workers as one of the main priorities of the RSSH investments and noted that an analysis of the current community health workers strategy will be performed in year 1 of implementation. The development of an operational plan will follow and the revision of the community health component of the grant, as needed.
- The GAC noted that the TB operational costs are fully covered in year 1 of the program. The 50 percent gap for the operational costs in year 2 and year 3 may be covered through potential savings identified during grant implementation. A mid-term review, planned in 2019, will inform the allocation of savings.
- The GAC was updated on the progress of the building of a warehouse originally intended to be funded under the 2014-2016 allocation period grant and noted that the warehouse will be completed under the 2017-2019 allocation period grant instead. The Secretariat is closely monitoring and overseeing progress and will continue working with the MOHS so that the construction is completed by the end of year 1 of the grant.
- The GAC and Partners welcomed the change to the malaria program's funding landscape with the US Government's President's Malaria Initiative (PMI)'s recent contribution. While a gap in the 2020 LLIN campaign still remains, Partners acknowledged that discussions are on-going with PMI and other partners to cover the gap.

**Swaziland TB/HIV Grants: National Emergency Response Council on HIV and AIDS (SWZ-C-NERCHA); Coordinating Assembly of Non-Governmental Organisation (SWZ-C-CANGO)**

1.14 The proposed HIV grants will focus on: (i) HIV prevention package, PMTCT, voluntary medical male circumcision; (ii) HIV treatment, care and support; and (iii) provision of ART to 100 percent of TB patients. The proposed TB grant will focus on (i) TB care and prevention; and (ii) reaching 100 percent of treatment success rate for all TB forms.

1.15 **Co-financing and domestic commitment:**



- The Government of Swaziland has made sufficient co-financing commitments for the 2017-2019 allocation period. Key domestic investments in HIV include treatment, care and support; program management; orphans and vulnerable children support; and health systems strengthening. TB co-financing commitments include case detection and treatment of drug susceptible TB; MDR-TB treatment and support; collaborative TB/HIV activities and management of co-morbidities; and strengthening TB response management capacity of the National TB Control Programme.

1.16 GAC review and recommendation:

- The TB/HIV funding request submitted to the Global Fund in August 2017, US\$ 8,552,182 was allocated for 2nd and 3rd line ARVs and drugs for Opportunistic Infections (OI). However, following Swaziland's adoption of a generic fixed-dose combination of Tenofovir disoproxil fumarate, Lamivudine and Dolutegravir (TLD) as the first-line regimen for HIV treatment, significant savings from the national ARV budget were identified. These savings rendered the Government and PEPFAR budgets' sufficient to cater for all ARV needs.
- In this regard, the GAC approved the reallocation of US\$ 10.02 million to complement Government and Partner contributions, which the CCM and the Ministry of Health, in collaboration with partners proposed would be used to cover significant gaps in procurement of diagnostic tests, laboratory reagents and program management costs that were insufficiently funded.
- The GAC noted the issue of currency fluctuation which represents a foreign exchange risk for the grant funded in US dollars. Considering the potential exposure, the Secretariat will explore the use of multi-currency disbursements (MCD) for Swaziland and will continuously work with the Principal Recipients to mitigate against major losses, where possible.

**Turkmenistan TB grant: United Nations Development Programme (TKM-T-UNDP)**

1.17 The grant recommended for Board approval utilizes transition funding and represents Turkmenistan's final allocation, based on the current Global Fund Eligibility Policy. To expedite transition planning for the program activities, in 2017 the CCM undertook a transition preparedness assessment and developed a transition plan with close engagement from country stakeholders.

1.18 Co-financing and domestic commitment:

- The Government has continuously demonstrated its commitment to fight tuberculosis and its share in meeting the TB needs has increased from 81 percent in 2010 to 91.5 percent in the 2014-2016 allocation period. The approved National Strategic Plan anticipates an investment of US\$ 5.8 million during the next implementation period, which exceeds the minimum co-financing requirement. Investments will support the gradual uptake of XDR drugs, reagents for the MDR-TB and maintenance of ventilation. From 2019, the Ministry of Health will cover 100 percent of needs for first and second line TB drugs (for 850 patients), which will continue to be procured by UNDP under a cost-sharing agreement in order to ensure quality of drugs.
- The country has also invested in technical assistance and introduced the System of Health Accounts in 2011 to monitor the overall health expenditure.

## **2. Grant Revisions**

**Integration of Matching Funds into Board Approved Grants**

2.1 Applicants, especially with reference to the Program Continuation modality submitted in the TRP Review Window of April/June 2017, 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 two grants listed in Table 1b. Noting the operating environment and in collaboration with Partners, GAC assessed each request based on TRP recommendations and the potential catalytic effect / impact of the investments. The matching funds conditions were met including, that (i) the 2017-2019 allocation investment in the priority area is higher than in the previous allocation period (2014-2016); and (ii) funding within the 2017-2019

allocation invested in the strategic priority area is equal to, or more than, the matching funds requested (i.e. at least a 1:1 ratio).

### 3. Additional Matters

3.1 The Board is hereby notified that the Secretariat, in order to prevent program disruption during grant-making, approved extensions in Table 3 as follows:

**Table 3: Extensions Approved by the Secretariat**

Applicant	Disease Component	Grant Name	Currency	Total Extension Budget	Additional Funding	Proposed Extension Duration (Months)	Proposed End Date
Djibouti	Malaria	DJI-M-UNDP	USD	409,697	0	6	30/06/2018
Djibouti	TB/HIV	DJI-C-UNDP	USD	867,619	0	6	30/06/2018
Romania	TB	ROU-T-RAA	EUR	462,897	0	6	30/09/2018
Swaziland	TB	SWZ-T-NERCHA	USD	1,985,334	1,985,334	3	30/09/2018

### 4. Privileges and Immunities

4.1 Of the applicants for which funding recommendations are currently being made, Swaziland 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,<sup>6</sup> 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 Malaria grants in November 2017.	This decision point approved the Cote d'Ivoire Malaria grants (including CIV-M-MOH).
GF/B37/EDP07: Decision on the Secretariat's recommendation for funding the DRC Malaria grants in November 2017.	This decision point approved the DRC Malaria grants (including COD-M-MOH).

<sup>6</sup> 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/>)