

# Electronic Report to the Board

## Report of the Secretariat's Grant Approvals Committee

GF/B39/ER12

### Board Decision

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

1. GF/B39/EDP14: Decision on the Secretariat's Recommendation on Funding from the 2017-2019 Allocation<sup>1,2</sup>
2. GF/B39/EDP15: Decision on the Secretariat's Recommendation on Financing Unfunded Quality Demand from the 2017-2019 Allocation Period<sup>3</sup>

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<sup>1</sup> Comoros TB, El Salvador TB, Romania TB, Tunisia HIV. Total recommended amount to the Board is **US\$ 9,300,760** and **EUR 4,360,749** of allocation funding, including matching funds of US\$ 1,000,000 for Tunisia HIV.

<sup>2</sup> The integration of **US\$ 3,000,000** of matching funds (catalytic investments) into the existing **Ethiopia RSSH** is recommended

<sup>3</sup> The integration of **US\$ 14,870,607** of Portfolio Optimization funds into the existing Burundi malaria and Philippines TB grants 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/EDP14: 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/ER12 (“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.*

**Decision Point: GF/B39/EDP15: Decision on the Secretariat’s Recommendation on Funding Unfunded Quality Demand from the 2017-2019 Allocation Period**

- 1. Notes the Secretariat’s review of the items on the 2017- 2019 allocation period’s register of Unfunded Quality Demand (“UQD”) in accordance with the prioritization framework approved by the Strategy Committee through GF/SCo4/DPo2;*
- 2. Approves the additional incremental funding recommended for certain UQD of the following country disease components: (i) Burundi Malaria, and (ii) Philippines TB, as listed in Table 2 of GF/B39/ER12, based on available funding approved by the Audit and Finance Committee;*
- 3. Affirms the additional 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 operating expenses.***

## Executive Summary

### Context and Input Received

- The Secretariat recommends the approval of funding from the 2017 – 2019 allocation for four grants in Comoros, El Salvador, Romania and Tunisia, up to an amount of **US\$ 9,300,760** and **EUR 4,360,749** of allocation funding, including matching funds of US\$ 1,000,000 for Tunisia HIV. In addition, the Secretariat recommends the approval of additional funding to be integrated into the following grants that have already been approved by the Board in 2017: **US\$ 3,000,000** of matching funds for the Ethiopia RSSH grant and **US\$ 14,870,607** of Portfolio Optimization funding for the Burundi Malaria and Philippines TB grants, all such grants were previously approved by the Board.
- 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.
- A list of documents per disease component in table 1a 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).
- The GAC has reviewed the materials associated with the grants 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 made available on the Governance Extranet and are accessible through [this](#) link.
- Funding recommendation in table 2 have been developed in accordance with the Prioritization Framework for Funds that Become Available for Portfolio Optimization and Financing Unfunded Quality Demand approved by the Strategy Committee under GF/SC04/DP02.

### Input Sought

The Board is requested to review the request and agree on a 'no objection' basis, the decision point GF/B39/EDP14: Decision on the Secretariat's Recommendation on Funding from the 2017-2019 Allocation Period and GF/B39/EDP15: Decision on the Secretariat's Recommendation on Funding Unfunded Quality Demand from the 2017-2019 Allocation Period.

**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>4</sup>	Grant End Date	Currency	Total Program Budget	Catalytic Funds in Grant	Domestic Commitments <sup>5</sup>	Unfunded Quality Demand
1	<a href="#">Comoros</a>	Tuberculosis	COM-T-PNLT	30/09/2021	EUR	770,674	N/A	368,625	0
2	<a href="#">El Salvador</a>	Tuberculosis	SLV-T-MOH	31/12/2021	USD	4,242,741	N/A	30,313,557	0
3	<a href="#">Romania</a>	Tuberculosis	ROU-T-MOH	31/03/2021	EUR	3,590,075	N/A	299,100,000	1,795,578
4	<a href="#">Tunisia</a>	HIV/AIDS	TUN-H-ONFP	31/12/2021	USD	5,058,019	1,000,000	22,126,996	1,724,786

**Table 1b: Secretariat's Funding Recommendation on Integrating Matching Funds 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="#">Ethiopia</a>	RSSH	ETH-S-FMOH	Catalytic Funds (Matching funds)	USD	27,581,142	3,000,000	30,581,142	RSSH - Human resources for health

**Table 2: Secretariat's Funding Recommendation on Funding Unfunded Quality Demand from 2017-2019 Allocation Period***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="#">Burundi</a>	Malaria	BDI-M-UNDP	Portfolio Optimization	USD	36,656,018	4,870,607	41,526,625	Continuation of IRS activities in the four districts previously supported by the Global Fund
2	<a href="#">Philippines</a>	Tuberculosis	PHL-T-PBSP	Portfolio Optimization	USD	88,543,887	10,000,000	98,543,887	US\$7,000,000 for Multi Drug Resistant TB interventions US\$3,000,000 for financing Drug Susceptible TB interventions

<sup>4</sup> The Grant names are subject to change based on the ISO code.

<sup>5</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.

# 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.

## **Comoros TB Grant: Programme National de Lutte contre la Tuberculose et la Lepre (COM-T-PNLT)**

1.2 The overall goal of the Comoros TB grant is to contribute to reducing tuberculosis mortality by 75 percent and incidence by 50 percent by 2025 compared to 2015 levels. The proposed grant will support: (i) the geolocation of TB cases; (ii) the systematic and exhaustive investigation of contacts as well as the finalization of a national guide for diagnosis and paediatric TB; (iii) the organization of the transportation of sputum to the GeneXpert machines; (iv) increased integration of the national TB and HIV programs; (v) effective implementation of the community based strategy, revised in 2018 on the basis of the "Engage-TB" approach. With support from the Global Fund grant, the National TB and Leprosy program aims to increase TB notification by 6 percent every year, reaching a 90 percent treatment success rate by 2021.

### 1.3 Co-financing and domestic commitment:

The Government of Comoros has made an indicative commitment to contribute EUR 453,724 to support the National Disease Programs, which meets the minimum co-financing requirements. However, the sustainability of health funding and the fulfilment of Government commitments face constraints due to the country's vulnerability to macroeconomic volatilities and health systems challenges. The Secretariat will continue to monitor the progress on co-financing and encourage the country to exceed the minimum commitment requirements especially in light of a reduced allocation across the three components.

### 1.4 GAC review and recommendations:

- The GAC noted the high program management costs and the significant proportion of the proposed grant that these represent. The GAC acknowledged that these costs are due to the operating environment, across three islands which require full operational coverage. The GAC, however, further encouraged the Principal Recipient to continue working with the Secretariat to potentially reduce these costs, where possible.
- The GAC welcomed the alignment of the implementation periods of the Global Fund grants in Comoros starting with the RSSH component. Harmonization of RSSH activities across the three grants is designed to facilitate the transition towards a unique TB, HIV and Malaria grant for the 2020-2022 allocation period.

## **Romania TB Grant: Ministry of Health of Romania (ROU-T-MOH)**

1.5 Although TB incidence and notification rates in Romania have been decreasing over the last 15 years, the TB notification rate is the highest (68.9 per 100,000 population in 2016) among European Union / European Economic Area countries and the country reports around a quarter of notified TB cases in this region.

This grant recommended for Board approval was developed and negotiated under the assumption that Romania is not expected to receive additional funding from the Global Fund following this allocation and that the necessary measures for a successful transition to domestic funding will be adopted during this period.

The transition funding application was prepared based on thorough in-country consultations resulting in a transition work-plan. Planned systemic changes in-country will be supported through strengthening civil society capacities to work jointly with local and central decision-making authorities towards increasing access to health care for vulnerable groups.

The proposed Global Fund investments will focus on:

- (i) Strengthening the country's capacity to develop and implement national health strategies, and disease-specific strategic plans;
- (ii) Developing legislation to ensure universal health coverage for key populations. New legislation and standard operating procedures for increasing access to key and vulnerable populations to basic medical services will be adopted by the government and/or other relevant governmental institutions;
- (iii) Improving efficiency of public funds for health services through reshaping the model of care from hospital based to ambulatory and community services;
- (iv) Improving treatment outcomes in the most vulnerable, underserved, at-risk populations by developing community-based integrated model of services. The HIV and TB services will be provided to 2,000 persons who inject drugs in Bucharest; and
- (v) Strengthening community responses, systems and commitment for disease control by widening the involvement of civil society organizations and other community stakeholders to better address the needs of key and vulnerable populations. This will place a strong emphasis on rolling out the social contracting model and the civil society organizations, who will support services for key and vulnerable populations, selected and contracted by the Ministry of Health.

#### 1.6 Co-financing and domestic commitments:

The Government of Romania made a commitment to contribute EUR 810,594 for TB, detailed in a letter from the Ministry of Health and dated 25 April 2018. It therefore meets the co-financing requirements for the 2017-2019 allocation period.

#### 1.7 GAC review and recommendations:

- The GAC noted the inclusion of task-based incentives in the budget for the proposed TB grant for 20 specialists to be employed by the Ministry of Health (MoH) and the National Institute of Public Health (NIPH) (a sub-entity of the MoH) based on additional tasks performed in relation to this grant. These specialists will work at the Unit for Policy Planning and Implementation (Unit) which will be set up under the grant and form part of the MoH and the NIPH. The GAC recognized that the positioning of the program for successful transition from Global Fund financing by end 2021 would require that the skilled and specialized human resources involved within regulatory and decision-making authorities are motivated to perform additional tasks to meet the grant's objectives.
- Whilst acknowledging the notable proportion of the grant budget dedicated to salary incentives, the GAC noted that these represent important elements in ensuring the delivery of significant systemic changes and progress on policy issues that are to be achieved within a short period. The GAC welcomed the Government's commitment to the success of the TB program and noted the planned continuation and expansion to other disease components of the Unit after the end of this grant. To facilitate successful transition of the Unit and sustainability of its activities, the Secretariat will ensure that the Principal Recipient will assume 100 percent of the funding cost of the human resources positions (including incentive payments) by no later than 1 January 2021.

#### **Tunisia HIV Grant: Office National de la Famille et de la Population de la République de Tunisie (TUN-H-ONFP)**

1.8 The proposed HIV grant will focus on civil society strengthening. The contributions of civil society will be crucial in terms of promoting the new services offered and supporting marginalized populations in accessing quality and sustainable care. The Global Fund investments will be focused on (i) harmonizing

prevention interventions aimed at key populations. More than 60 percent of men who have sex with men and sex workers will receive a specific package of services meeting the needs of these populations. 75 percent of injecting drug users will benefit from harm reduction interventions such as sterile syringe distribution, prevention, condom use, testing and referral to health facilities as needed; (ii) improving care services by offering antiretroviral (ARV) treatment through establishing four out-patient clinics at the national people living with HIV care centers; and (iii) strengthening biological and viral load monitoring for 2,500 people living with HIV on ARV treatment (nearly 70 percent of estimated number of people living with HIV by 2021), including for migrants.

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

To access the co-financing component of the 2017-2019 allocation, the Government of Tunisia needs to invest an additional US\$ 609,008 over and above its spending from the 2014-2016 allocation period. The Government of Tunisia has made an indicative commitment to increase funding of the HIV program by 2 percent per year which is sufficient to meet the co-financing requirement. However, the country has been facing significant macroeconomic and fiscal challenges which constrain the sustainability of health financing from the Government of Tunisia. The Secretariat will monitor the co-financing commitments to mitigate the risks associated with the realization of the country's commitment including government utilization of the proposed methodology for HIV expenditures for the 2018 fiscal year by 30 June 2019; and development of a work-plan for the implementation of a transition readiness assessment.

#### 1.10 Matching Funds:

The country was eligible for the 'programs to remove human rights related barriers to health services' catalytic priorities. The country was able to meet the allocation condition (by demonstrating an increase in investment for this priority area vis-à-vis the 2014-2016 allocation) but not the 1:1 match condition given the reduction in allocation, share of investments in programs to reduce human rights related barriers being 12 percent of the overall allocation and that through a participatory country dialogue there was a decision to prioritize continuity of essential programs. 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. Noting the catalytic impact that the funding would have for the program, the GAC approved an exception to the 1:1 match condition and approved an amount of US\$ 1 million for matching funds to be integrated in the HIV program.

#### 1.11 GAC review and recommendations:

The GAC welcomed the progress with respect to the human rights related activities identified through the country's baseline assessment as well as the upcoming national plan for the funding and implementation of comprehensive programs to remove human rights related barriers to HIV services. This exercise may lead to the reprogramming of human rights activities in order to best respond to the assessment's findings and multi-stakeholders discussions. The GAC also welcomed the country's commitment to these activities but noted that, although the minimum co-financing commitments were met, there are no current plans for domestic uptake or scaling of key population activities. The GAC welcomed the plan to conduct a transition readiness assessment to support planning to reduce reliance on external financing for these critical activities.

### **El Salvador TB Grant: Ministry of Health of the Republic of El Salvador (SLV-T-MOH)**

1.12 The Global Fund had piloted a National Strategy Financing (NSF) approach in El Salvador since the 2014-2016 allocation period. This is a payment for results modality that is used to finance robust and costed National Strategic Plans (NSP) using achievements against a small set of NSP outcome and/or impact indicators as the basis for annual funding decisions and disbursements. Given that this pilot approach has proven to be successful in terms of programmatic performance in El Salvador, the country chose to continue this approach for the implementation of the TB grant in the 2017-2019 allocation period. The El Salvador CCM submitted an NSP-based Funding Request which was reviewed and recommended for grant-making by the TRP in March 2018. The NSF approach is to be continued, with adjustments based on lessons learned from the pilot implementation.

This TB grant will support the strengthening of prevention and comprehensive care of new TB cases, focusing on people affected by the disease and reduce TB mortality, with a strategic approach for priority



populations and families facing catastrophic costs as a result of the illness, in line with the global End TB Strategy. Key priorities of the TB NSP include:

- Increase TB detection mainly among people in detention and other key populations;
- Increase MDR-TB detection by increasing access to Drug Sensitivity Tests; and
- The maintenance of achievements in treatment success rates.

Additionally, the TB NSP aims to strengthen the health information system and ensure data quality to monitor TB diagnostic and treatment outcomes.

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

The Government of El Salvador has made an indicative commitment of US\$ 637,060 to contribute to TB spending in the 2019-2017 allocation period through a letter from the Ministry of Health. This is sufficient to meet the co-financing requirements. This amount includes additional treatment costs, GeneXpert cartridges and maintenance as well as monitoring and evaluation costs. The Secretariat will continue to work with the Government to maintain these commitments and request reporting on progress on specific investments.

#### 1.14 GAC review and recommendations:

The GAC acknowledged the success from the implementation of the results-based-model pilot from the 2014-2016 allocation period and welcomed its continuation into the 2017-2019 allocation period. The GAC also welcomed the observed benefits of this model such as increased country ownership of the national response and focus on value for money and impact, rather than on input management. This has also allowed for increased focus on transition. The GAC acknowledged that the continuation of the NSF is key to sustainability of the TB response in El Salvador. Transition preparedness for TB funding in El Salvador has been included in the updated NSP (2017-2021) by addressing transition risks and strategy for building a sustainable national TB response.

## **2. Grant Revisions – Integration of Additional Funding into Board Approved Grants (due to Matching Funds)**

### **Integration of Matching Funds in the Ethiopia RSSH grant (ETH-S-FMOH)**

2.1 Ethiopia submitted its RSSH allocation funding request under the September 2017 TRP Review Window and exercised the flexibility of submitting a matching funds request separately from the allocation. Ethiopia was eligible for the ‘Human Resources for Health’ RSSH catalytic priority and the country was able to meet the allocation and 1:1 match conditions for this matching funds. The GAC reviewed and recommended this matching funds request in order to integrate US\$ 3,000,000 into the existing Ethiopia RSSH grant (ETH-S-FMOH), which was previously approved by the Board.

## **3. Grant Revisions – Integration of Additional Funding into Board Approved Grants due to Portfolio Optimization**

### **Operationalization of Prioritization Framework for Portfolio Optimization**

3.1 The Secretariat has operationalized the Strategy Committee-approved ‘Prioritization Framework for Funds that Become Available for Portfolio Optimization and Financing Unfunded Quality Demand’ (Prioritization Framework) through a rigorous and comprehensive process with inputs from Partners and

in line with the Strategy Committee decision (GF/SCo4/DPo2).<sup>6</sup> Through this process, the GAC has recommended USD 127.7 million for immediate awards through USD 100 million of funding approved by the Audit and Finance Committee (AFC) pursuant to GF/AFCo7/03 for Portfolio Optimization and USD 27.6 million for in-country optimization to fund high impact interventions from the Register of Unfunded Quality Demand. The additional funds will be integrated into existing grants through grant revisions to increase each grant's upper ceiling, subject to Board approval as per standard procedures. The Portfolio Optimization exercise will be repeated when additional resources are made available by the AFC. The GAC will continue to recommend grant revisions integrating additional funds awarded to countries through Portfolio Optimization in the GAC reports to the Board. Additionally, the Secretariat will continue to report on progress to the relevant Committees of the Board. The following section details the process and approach used to arrive at GAC recommendations on Portfolio Optimization. It also contains further details around two specific recommendations contained in this report.

3.2 In this report, the Secretariat recommends to the Board additional funding for the first set of grants<sup>7</sup> identified to receive additional funding through Portfolio Optimization (Burundi Malaria - BDI-M-UNDP; and Philippines TB - PHL-T-PBSP).

### **The Prioritization Framework**

3.3 The Prioritization Framework is based on four key principles: i) invest to maximize impact and use of available funds, to achieve the aims of the Global Fund Strategy 2017-2022: Investing to End Epidemics; (ii) identify and address root causes of bottlenecks in implementation and the effective use of allocated funds; (iii) explore opportunities to re-invest within the disease portfolio, taking into consideration the need for operational flexibility to maximize impact and use of funds across the portfolio; and (iv) align with the aims of the allocation methodology and the need for sustainability of Global Fund investments, in line with disease burden and countries' economic capacity. Portfolio Optimization is therefore a critical tool for the Global Fund to address any gaps, registered needs, sustainable scale-up and barriers to progress arising after the Board-approved allocations are communicated to countries.

3.4 The Prioritization Framework was operationalized in the context of the Global Fund's broader policies and procedures, which also encourage countries to reprogram potentially unutilized amounts within the same country disease component, including towards priorities registered as Unfunded Quality Demand (UQD).

### **Holistic Analysis of the UQD Register**

3.5 When preparing applications for Global Fund financing, applicants were encouraged to submit requests not only for an amount that corresponded to their allocation, but to also submit a Prioritized Above Allocation Request (PAAR). This request would reflect needs that were identified as important but could not be covered through the country allocation. This demand, following review by the TRP, is placed on the UQD register. The UQD register therefore serves as a repository of needs, identified by applicants through the submission of their PAAR, and that have been deemed technically sound and strategically focused by the TRP through their review. Additionally, the needs captured in the UQD register are qualified as being of high, medium or low priority by the TRP.

3.6 The additional resources for investment through Portfolio Optimization, requested for approval by the Board, are derived from the amounts of available funding validated by the AFC. In July 2018, on the basis of the updated asset and liability management analysis, the AFC approved USD 100 million to be made available for portfolio optimization (GF/AFCo7/03) in addition to USD 45 million, made available previously.<sup>8</sup>

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<sup>6</sup> Available [here](#). Please note this document is part of an internal deliberative process of the Global Fund and as such cannot be made public

<sup>7</sup> These will be presented for approval by the Board for additional funding over the coming months, the timing of which will be aligned to programmatic needs, on a case-by-case basis.

<sup>8</sup> This amount reflects reductions made through Board decisions for funding needs in ineligible countries in crisis and the CCM evolution project.

3.7 Whilst Portfolio Optimization aims to address potential funding needs at a country-disease level, its operationalization was based on monitoring implementation and the dynamic management of a grant's upper ceiling of funds, after taking into consideration potential reprogramming of activities within the grant; reprogramming of activities across all the grants for a disease component within the same country; and reinvestment of identified savings and efficiencies for maximum impact. Also taken into account are collaborative efforts to ensure effective programmatic implementation and absorption of committed funds aimed at demonstrating impact.

### **Application of the prioritization criteria in consultation with Partners**

3.8 In line with the Strategy Committee approved criteria under the Prioritization Framework, the Secretariat conducted a rigorous and consultative prioritization exercise of interventions on the UQD Register to identify the most critical needs to be financed. Secretariat staff who have core responsibilities for managing portfolios together with advisors on the diseases, Resilient and Sustainable Systems for Health (RSSH) and Community Rights and Gender (CRG) took the lead on identifying which interventions, proposed by the countries and deemed technically sound by the TRP, should be prioritized for financing through Portfolio Optimization. Subject matter experts on health financing, recoveries, sustainability and transition matters, as well as finance and allocation specialists were continuously involved to ensure alignment with Strategy Committee approved criteria and the overall aims of the allocation.

3.9 Specifically, the Secretariat (i) undertook a holistic analysis of UQD Register; (ii) considered the filters as outlined in Stage 1 of the Prioritization Framework<sup>9</sup> (iii) assessed whether funding was required to maintain Global Fund-supported essential life-saving services and programs in line with the aims of the allocation methodology; (iv) carried out a business analysis and prioritization of UQD register, with input from Partners considering:

- potential for increased measurable impact: Addressing critical gaps and time-sensitive priority needs that remain uncovered, and/or emerge, in a sustainable manner;
- the need for strategic investments to strengthen sustainability;
- the degree to which a given disease component is below formula; and
- additional considerations for investment in identified strategic and/or operational priorities.

3.10 Partners were an integral part of this process and were consulted from the onset through situation room consultations, and were invited to the July 2018 GAC meeting during which recommendations on the investment cases were made.

3.11 During the operationalization of the Prioritization Framework, the TRP to reviews PAAR and recommends quality demand interventions to be placed on the UQD Register. As an integral part of the review process, the TRP indicates within each country's application the interventions to be considered highest priority for funding should additional resources become available, for example, with savings and efficiencies found during grant making and/or through Portfolio Optimization. The mechanism allowing for countries to update their PAAR would include prior review and recommendation by the TRP before registration of updated needs on the UQD Register.

### **3.12 GAC Review and Award, with inputs from Partners**

- The GAC was responsible for overseeing the operationalization of the Prioritization Framework, including ensuring that meaningful inputs from Partners were received. The GAC was responsible for making final investment decisions and awarding funds to recommend to the Board for its approval.
- On July 2018, the GAC made a recommendations on prioritized investment cases for award. These were categorized into four subsets: 'award now'; 'in-country optimization'; 'award later, should additional resources become available'; and 'queued'. The countries identified for 'award now' reflected priority investment cases, where there were time sensitive needs and funds made available

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<sup>9</sup> see paragraph 22 of the Prioritization Framework

by the AFC are to be deployed for immediate investment (by end of 2018). For those identified as award through in country optimization, it was noted that whilst the interventions were of critical importance, there were adequate savings in country to cover these needs. For these portfolios, in-country optimization (using reprogramming) was recommended. Finally, for those where the need was clear but that the activity / intervention would take place in 2019/2020 or where additional information was required around portfolio absorption, interventions were identified for award later or queued respectively.

- At their meeting on July 2018, GAC Partners welcomed the level of engagement with the Secretariat throughout the Portfolio Optimization process and acknowledged that the operationalization was consistent with the framework as approved by the Strategy Committee.
- At their meeting on October 2018, the Strategic Committee received an update on the implementation of the Prioritization Framework.

3.13 Following the GAC award in July 2018, the Secretariat and in-country stakeholders entered into a grant-revisions process, whereby existing grant documents were revised to reflect the additional funds awarded by the GAC. On September 2018, the Executive GAC reviewed final documents related to the grant revisions for Burundi malaria and Philippines TB. The GAC now recommends these to the Board for their approval.

### **Philippines TB: Multidrug-resistant TB and TB care and prevention**

3.14 A new prevalence survey has been completed in the Philippines and the TB burden is approximately 1.7 times higher than previously estimated. The previous estimation was used for the purpose of calculating the TB allocation for the Philippines and as the underlying basis for developing the funding request. As such, with this new information, a gap is anticipated. The Government is investing in Drug Susceptible TB (DS-TB) diagnostics and treatment, but there are gaps especially in case finding for both drug susceptible and resistant TB.

3.15 The low coverage and sub-optimal treatment outcome of Multi Drug Resistant TB (MDR-TB) in the Philippines measured at 32 percent and 54 percent in 2017 respectively remains a concern. The program and Global Fund grant has been investing a lot to decentralize MDR-TB services to minimize treatment interruptions to address the sub-optimal treatment outcomes. Given this, the GAC and Partners noted the important need for diagnosis and treatment of additional people with drug-resistant TB, and improved treatment outcomes through scaling up of evidence-based PMDT services.

3.16 Innovative approaches including systematic screening, engagement of private providers and using more sensitive and specific diagnostic tools are also required. Programmatically the GAC and Partners supported an investment to improve systematic screening, TB finding and reporting among high risk groups, community and private sector for additional cases. An additional USD 10 million financed through Portfolio Optimization are recommended for integration into the PHL-T-PBSP grant, of which USD 7 million are aimed at MDR-TB interventions and USD 3 million are aimed at financing DS-TB interventions.

### **Burundi Malaria: Vector Control**

3.17 Burundi experienced a malaria epidemic from late 2015 through 2017, the cause of which is thought to be multifactorial. Insecticide resistance is thought to be one of the factors. The epidemic was controlled through a combination of expanded case management services (mobile and community based service provision) as well as dual vector control (LLINs and IRS) in areas with highest increases in cases and evidence of insecticide resistance. The Global Fund grant supported 4 districts with IRS in 2016-17, which the country is no longer able to fund with current resources. Maintaining IRS in the previously-supported 4 districts is critical to maintain coverage after just getting control of a malaria epidemic. An additional USD 4,870,607 financed through Portfolio Optimization is recommended for integration into the BDI-M-UNDP grant additional funding at this time would allow the country to target spraying before the April-May peak season 2019.

## **4. Additional Matters**

4.1 The Board is hereby notified that the Secretariat, in order to prevent program disruption during grant-making, approved extensions in the Table 2 as follows:

**Table 2: Extensions Approved by the Secretariat**

Applicant	Disease Component	Grant Name	Currency	Total Extension Budget	Additional Funding	Proposed Extension Duration (Months)	Proposed End Date
Elimination 8	Malaria	QPA-M-E8S	USD	2,093,927	2,093,927	6	31/03/2019

## 5. Privileges and Immunities

5.1 Of the applicants for which funding recommendations are currently being made, Ethiopia has signed and ratified the Global Fund Agreement on Privileges and Immunities. Burundi has signed but not yet ratified 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>10</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/B37/EDP05: Decision on the Secretariat's recommendation for funding the Philippines TB grant in October 2017	This decision point approved the Philippines TB grant (PHL-T-PBSP)
GF/B38/EDP04: Decision on the Secretariat's recommendation for funding the Ethiopia RSSH and Burundi malaria grants in November 2017	This decision point approved the Ethiopia RSSH grant (ETH-S-FMOH) and the Burundi malaria grant (BDI-M-UNDP)
GF/SCo4/DP02: Approval of the Prioritization Framework for Funds Becoming Available for Portfolio Optimization and Financing Unfunded Quality Demand	This decision point approved the prioritization framework to guide investments in the register of unfunded quality demand using funds available for portfolio optimization.
GF/AFCo4/DP01: Approval of Available Sources of Funds for Portfolio Optimization and Financing Unfunded Quality Demand for the 2017-2019 Allocation Period	This decision point approved USD 50 million to be made available for portfolio optimization.
GF/AFCo7/DP03: Decision on the amount of additional funding available for investment through Portfolio Optimization	This decision point approved an additional USD 100 million to be made available for Portfolio Optimization
GF/B39/DP09: CCM Evolution: Code of Conduct for CCMs and CCM Policy	This decision point approved that USD 1,219,700 of the funds made available for portfolio optimization under GF/AFCo4/DP01 be used instead to fund the implementation and enforcement of the CCM Code.

<sup>10</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/>)

Relevant past Decision Point	Summary and Impact
GF/B39/DP10: CCM Evolution: Funding for Near-Term Implementation	GF/B39/DP10: CCM Evolution: Funding for Near-Term Implementation
GF/B39/EDP11: Approval of Funding to Address the Health Crisis in Venezuela	This decision point approved USD 5 million of funds made available for portfolio optimization under GF/AFC07/DP01 be used instead to address the health crisis in Venezuela.