

Electronic Report to the Board

Report of the Secretariat's Grant Approvals Committee

GF/B41/ER01

Board Decision

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

1. GF/B41/EDP01: Decision on the Secretariat's Recommendation on Funding from the 2017-2019 Allocation¹
2. GF/B41/EDP02: Decision on the Secretariat's Recommendation on Additional Funding to Finance Unfunded Quality Demand from the 2017-2019 Allocation Period²

Document classification: Internal.

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¹ The Secretariat recommends the approval of funding from the 2017-2019 allocation for 2 grants: Malaysia HIV and Mauritania integrated HIV, Malaria TB up to an amount of **US\$18,386,240** of country allocation funding.

² The Secretariat recommends the approval of **US\$3,777,237** of portfolio optimization funding to be integrated into the Zambia TB/HIV grant. The Secretariat recommends the approval of **US\$1,450,000** of additional investment through private sector contribution to be integrated into the existing Liberia malaria grant.

Decisions

Decision Point: GF/B41/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 Table 1 of GF/B41/ER01 (“Table 1”);*
2. *Acknowledges each country disease component’s constituent grants will be implemented by the proposed Principal Recipients listed in Table 1, or any other Principal Recipient(s) deemed appropriate by the Secretariat in accordance with Global Fund policies;*
3. *Affirms the 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/B41/EDP02: Decision on the Secretariat’s Recommendation on Additional Funding to Finance Unfunded Quality Demand from the 2017-2019 Allocation Period

The Board:

1. *Approves the revised budget recommended for each grant listed in Table 2 of GF/B41/ER01 (“Table 2”);*
2. *Affirms the additional 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, and (b) is subject to the availability of funding; and*
3. *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 2 grants: Malaysia HIV and Mauritania integrated HIV, TB, Malaria up to an amount of **US\$18,386,240** of country allocation funding;
 - **US\$3,777,237** of portfolio optimization funding to be integrated into the Zambia TB/HIV grant;
 - **US\$1,450,000** of additional investment through private sector contribution to be integrated into the Liberia malaria grant.
- The grants in Table 1 have been found to be disbursement-ready by the Global Fund Secretariat following a thorough review process and in consultation with Partners.
- The funding requests for each country component were 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 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 1 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](#).
- Portfolio optimization funding recommendations 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/SCO4/DPO2.

Input Sought

The Board is requested to review the request and agree on a ‘no objection’ basis, the decision points GF/B41/EDP01: Decision on the Secretariat’s Recommendation on Funding from the 2017-2019 Allocation; and GF/B41/EDP02: Decision on the Secretariat’s Recommendation on Additional Funding to Finance Unfunded Quality Demand from the 2017-2019 Allocation Period.

Table 1: Secretariat’s 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	Malaysia	HIV	MYS-H-MAC	30-06-2022	USD	4,031,592	N/A	116,023,971	0
2	Mauritania	HIV, TB, Malaria	MRT-Z-SENLS	31-12-2021	USD	14,354,648	N/A	40,893,974	5,201,947

Table 2: Secretariat’s Recommendation on Additional Funding to Finance UQD from the 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
1	Zambia	TB/HIV	ZMB-C-CHAZ	Portfolio Optimization	USD	63,401,344	3,777,237	67,178,581
2	Liberia	Malaria	LBR-M-PII	Private sector contribution	USD	12,976,384	1,450,000	14,426,384

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.

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. The Secretariat will monitor the finalization and realization of commitments over the implementation period. Domestic commitments for disease-specific and health-related spending are subject to local currency value fluctuations against US dollars and Euro currencies.

For the following grants, the GAC provided additional guidance or made specific observations to inform the investment decision:

Malaysia HIV: Malaysian AIDS Council (MYS-H-MAC)

1.2 Background and context:

Malaysia has a concentrated HIV epidemic among key populations including men who have sex with men, female sex workers, transgender women, and people who inject drugs. Moreover, the epidemic has transitioned from injecting behaviors as the primary mode of transmission to sexual transmission, with men who have sex with men accounted for 51 percent of estimated new infections in 2017.

Due to transition projections indicating a potential move to high income, which would make the country ineligible for receiving Global Fund funding, the Global Fund Secretariat requested that Malaysia submit a funding request tailored to transition to address sustainability and transition planning for the HIV component. Accordingly, the grant is designed to gradually decrease Global Fund financing for program activities and services during the implementation period, reducing its geographical coverage from 5 states to 4 and from 4 states to 3. The grant presented for Board approval will support efforts of the National Strategy to End AIDS 2016-2030 towards achieving the 90-90-90 targets. The investments will be focused on increasing the rate of (i) uptake of HIV testing among key populations; (ii) case finding among key populations; (iii) enrolment in Antiretroviral therapy (ART) among People Living with HIV from key populations; and (iv) ART adherence among key populations living with HIV.

1.3 Co-financing and domestic commitment:

To meet the willingness to pay requirements, an increase in public domestic resources for the HIV response was expected during the 2014-2016 allocation period. However, the actual expenditures reported by the Ministry of Health for the 2016-2018 period do not show any increase. During the 2014-2016 allocation period, the national HIV response demonstrated a significant programmatic scale-up resulting in substantial progress towards the 90-90-90 targets on the critical step of the cascade where the gap is larger and is fully funded by the Government of Malaysia. In this regard, Malaysia is considered to have met its 2014-2016 co-financing requirements based on the scale-up in activities of the national HIV response funded through domestic public resources.

The Ministry of Health has recently pledged to increase financing for key populations programs through the Malaysian AIDS Council (MAC) by over US\$1.5 million in the next three years as compared to the 2014-2016 allocation period. The committed amount is higher than the required additional investment of US\$1.2 million as per the Global Fund's co-financing policy. However, despite the Ministry of Health's best efforts and commitments, the current political environment in Malaysia and sensitivities around key populations may limit the extent to which the Government is able to realize its co-financing commitments. In order to mitigate this potential risk, the Secretariat has included requirements in the grant agreement to routinely monitor real implementation of the Transition Plan for Malaysia's response to HIV amongst key populations, and the fulfilment of the co-financing commitments from a budget allocation and execution perspective.

1.4 GAC review and recommendation:

- The GAC noted the proposal to extend the allocation utilization period to 3.5 years, ending on 30 June 2022. This is due to the fact that the funding request was iterated by the TRP to ensure the funding request was focused on key populations and aligned with the epidemiological context. As such, pending the TRP's review, the Secretariat did not negotiate the continuation of previous programmatic activities through an extension⁵, since the TRP's review might have called for some activities to be closed or for a shift in geographical focus. After the TRP's review in March 2019, the grant, which was originally expected to start on 1 January 2019 for a 3-year implementation period, was therefore re-designed for a revised 3-year implementation period of 1 July 2019 - 30 June 2022.

Mauritania integrated HIV, TB and malaria grant: Secrétariat Exécutif de Lutte contre le SIDA (MRT-Z-SENLS)

1.5 Background:

Malaria: The estimate of malaria incidence rate over the past decade has been increasing, at around 250 per 1,000 population at risk. For the same period, the estimated number of malaria deaths increased to around 1.72 per 1,000 according to the World Malaria Report 2018. An estimated 90 percent of the population lives in areas at risk of malaria transmission. In the context of malaria elimination, past experiences of mass and routine long-lasting insecticidal nets (LLIN) distribution have contributed to the control in malaria incidence in areas considered endemic. Thus, in accordance with the stratification, national guidelines and the National Strategic Plan 2018-2021 for malaria, mass and routine campaigns are still a priority for the program in the Sahelo-Sahelian and Sahelian zones.

HIV: The estimated HIV prevalence in Mauritania, based on 2013 UNAIDS data, was 0.4 and 0.3 percent among young men and women aged between 15 to 24 years (UNAIDS Fact sheet 2017). The 2014 Integrated Bio-Behavioral Surveillance (IBBS) Survey among key population groups showed the epidemic remains concentrated with high HIV prevalence rates mainly among sex workers (4 percent), men who have sex with men (44.4 percent) and prisoners (2.9 percent).

TB: The priorities of the TB portion of the program are aligned with priorities of the National TB Strategic Plan 2019-2023: (i) TB management and prevention; (ii) management of TB/HIV co-infection; (iii) management of multidrug-resistant tuberculosis; (iv) monitoring and evaluation, community systems strengthening module and program management.

Overall, the goal of the grant recommended for Board approval is to substantially reduce the burden of malaria, HIV/AIDS and TB in line with goals and strategic objectives in Mauritania through targeted interventions and approaches to address key populations and barriers. Some of the strategies to achieve this goal are as follows:

- Contribute to eliminating malaria by 2025;
- Set up a solid base in reaching the 90-90-90 in 2020 and eliminating the HIV epidemics in 2030; and
- Significantly reduce the burden of TB in Mauritania by 2023 in line with the Sustainable Development Goals (SDGs) and those set by WHO's new End TB Strategy.

1.6 Implementation arrangements

- The Global Fund grants in Mauritania were suspended for 5 years before the new funding model grants were signed for the 2014-2016 allocation period (except for one essential HIV/AIDS services component that was still running). This significantly contributed to the performance and operational challenges that the Principal Recipient, Secrétariat Exécutif de Lutte contre le SIDA (SENLS), faced in the 2014-2016 allocation period including:
 - Delayed set up of the grant to be fully operational;

⁵ During this 6-month period, the PR and sub-recipients under the previous grant continued to receive funding from the Ministry of Health to cover operational costs. Additionally, since the previous grant did not fund essential medical services, such as ARVs or HIV test kits, the gap between grants did not impact any essential services.

- Slow selection of civil society sub-recipients. Furthermore, procedures to manage and oversee sub-recipients had to be put into place; and
- Low overall capacity in country.

These issues added to the overall challenging operating environment and weak health systems. In view of these challenges, the Secretariat, Partners and the Government have agreed to implement several mitigation and strengthening measures through this grant. One of the measures is to merge and consolidate HIV, TB and malaria grants into a single integrated grant managed by one Principal Recipient (PR), to simplify management and strengthen oversight. Similarly, the Government has agreed to the following:

- Revising the existing agreement between SENLS and the Ministry of Health to address delays in disbursements and reporting;
- The Ministry of Health shall issue a general instruction to health staff and providers on data quality, targets, reporting requirements, among others, to improve the pace of implementation and compliance to the reporting requirements; and
- Finally, through the establishment of an ad hoc oversight committee between SENLS and the Ministry of Health, quarterly monitoring meetings and improved coordination between key institutions will be ensured.

1.7 Co-financing and domestic contribution:

The Ministry of Economy and Finance has committed to co-financing requirements by making specific commitments including i) HIV: provision of support to the integrated package of services, purchase of ARV and screening of vulnerable populations and prevention of mother to child transmission (PMTCT) activities; ii) TB: procurement of first line TB drugs, and operational costs; and iii) Malaria: investments pertaining to around 45 percent of the LLINs needs (routine distribution) for 2019-2020, as well as commitments for capacity building activities, equipment, case detection, monitoring and evaluation. In addition, the Government will continue to provide LLINs free of charge. These commitments are in addition to operational costs of the national disease programs, infrastructure, laboratory equipment, consumables, salaries and procurement of first line TB drugs.

Whilst meeting the co-financing requirements for the previous allocation period, Mauritania's economy was negatively impacted by the global downturn in international commodity prices, leading to a slow Gross Domestic Product (GDP) growth. This was coupled with the deterioration of the foreign exchange. Debt is also a challenge and the International Monetary Fund (IMF) has classified Mauritania as being at risk of debt overhang. Under the IMF's 2017 Extended Credit Facility, Mauritania is committed to only undertake non-concessional borrowing on a capped basis and to finance economic infrastructure. Whilst the economy has started to rebound in 2019 across all sectors, and this growth is expected to continue in 2020, the pace of economic recovery will remain slow and there is a risk of Mauritania not being able to realize its co-financing commitments.

Given the economic context, some mitigation measures have been undertaken to periodically monitor co-financing commitments: i) endorsement of additional co-financing commitments by the Ministry of Finance; ii) specific management action to capture required annual reporting utilizing the Ministry of Health's Annual Health Accounts Report; and iii) annual reporting on Government specific budget line for commodities (as per the letter of commitment).

1.8 GAC review and recommendation:

- The GAC appreciated mitigation and strengthening measures put in place in view of past performance challenges with the PR. They also appreciated the strong political engagement from the Prime Minister's office and senior Government officials. The GAC noted performance improvement will be monitored with measurable outcomes that will be tracked at defined times during the grant lifecycle. GAC Partners recognized the complex negotiations and commended the efforts of the Secretariat and the Government. GAC Partners also appreciated the safeguards introduced, given the challenging operating environment and welcomed the measures taken to improve the PR's performance, including the consolidation of grants into one.

- The GAC welcomed the technical support provided by the French 5% Initiative to establish robust long-term technical assistance for the PR, Ministry of Health and civil society, focusing on program management and operations to strengthen national capacity and ensure the impact of the programs.
- While acknowledging the challenges around lack of data and data quality, GAC Partners welcomed the new IBBS that is being conducted with Global Fund support.
- While the Secretariat highlighted the active role of civil society in country dialogue, GAC Partners emphasized the importance of increased engagement with civil society partners to strengthen social accountability.

2. Grant Revisions - Integration of Additional Funding into Board Approved Grants: Private Sector Contribution

Liberia malaria: Plan International, Inc. (LBR-M-PII)

2.1 The additional funding proposed for integration into this existing grant has been made available through negotiations between the Global Fund, Last Mile Health and Co-Impact, a private donor. The additional investment will cover the interventions listed in the register of unfunded quality demand, which has been reviewed and recommended by the TRP in September 2018. The goal is to sustain and allow for scale-up of the National Community Health Workers (NCHA) Program. To achieve this, the following activities will be supported through this additional funding:

- i. Scale-up of community health workers programs in 2 districts of Margibi County; and
- ii. Capacity building of the County Health Teams of the Ministry of Health.

The initial Global Fund grants covered hard to reach areas in 13 districts. With the additional investment, the grant activities will be expanded to include the remaining two additional districts in Margibi County (Kakata and Gibi).

The Secretariat will work with country stakeholders on ensuring the sustainability of these investments noting that there could be recurrent costs related to the community health worker programs associated with this scale-up. Some identified actions to address this are: (i) structuring the contribution agreement with Co-Impact over a 5-year period. Two years will be to cover activities for the current allocation period, ending on 30 June 2021. The remaining 3 years will cover needs reflected in an updated prioritized above allocation request, which the TRP will review as part of the 2020-2022 allocation period funding request; and (ii) on-going joint efforts to advocate for and support increased domestic and other funding sources for Liberia community health worker programs. The Secretariat will also continue monitoring absorption and will ensure timely reprogramming of savings and refine implementation if bottlenecks emerge.

3. Grant Revisions – Integration of Additional Funding into Board Approved Grants: 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).⁶

Through this process, the GAC has recommended interventions for immediate award out of the US\$500 million of funding made available by the Audit and Finance Committee (AFC) pursuant to GF/AFCo7/03, GF/AFCo4/DPo1, GF/AFCo8/DPo1, GF/AFCo9/DPo1 for portfolio optimization to fund high impact interventions from the Register of Unfunded Quality Demand. The GAC recommended that in-country

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

optimization be used to finance an additional set of interventions on the Register of Unfunded Quality Demand prioritized through this process.

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 procedure. The portfolio optimization exercise will be repeated when additional resources are made available by the AFC. Monthly GAC reports to the Board will reflect the GAC’s recommendations to the Board for approval of each grant revision integrating additional funds awarded to countries through portfolio optimization. These will be presented for Board approval on a case-by-case basis, the timing of which will be aligned to in-country planning timelines and programmatic needs. Additionally, the Secretariat will continue to report on progress to the relevant Committees of the Board ⁷. The following section contains further details around the specific recommendations contained in this report.

3.2 In this report, the Secretariat recommends to the Board additional funding through the portfolio optimization award made in December 2018 for the Zambia TB/HIV grant. The GAC confirmed that this award is in line with the criteria contained in the Prioritization Framework.

Zambia TB/HIV: Churches Health Association of Zambia (ZMB-C-CHAZ)

3.3 Although the HIV prevalence in Zambia has declined among the adult population, a gender and age disparity remains and the prevalence among women age 20 to 24 is more than four times higher (8.6 percent) compared to their male peers (2.1 percent). For this reason, the PR is currently implementing a program supporting efforts to keep girls in school by confronting challenges such as early pregnancy. In the eight schools supported by the project, a decrease in the incidence of sexually transmitted infections amongst adolescents, and reduced school dropouts due to pregnancy and early marriage have been observed. As a result, there is an unmet demand amongst stakeholders to expand the current project.

The additional investment made available through portfolio optimization will support the expansion of the Churches Health Association of Zambia’s adolescent girls and young women project and will allow to expand the program to four new districts and 15 new schools. Furthermore, it will increase the number of adolescents tested by around 64,000 and it is estimated that a total of around 107,000 people will be tested by 2020. Moreover, the number of adolescent girls and young women receiving the full HIV prevention package (including school fees and cash transfers) will increase by around 4,000 bringing the total to around 7,000 by 2020. Finally, the additional funding will also allow innovation through strengthening Adaptive Leadership to address value and norms change.

4. Privileges and Immunities

4.1 Of the applicants for which funding recommendations are currently being made, Liberia has signed and ratified the Global Fund Agreement on Privileges and Immunities.

4.2 The Board is hereby notified that the Secretariat, in order to prevent program disruption during grant-making, approved extensions in 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
Multicountry Central Americas REDCA	HIV	QRC-H- SISCA	USD	500,685	500,685	6	31-12-19

⁷ For further details on the approach to operationalize the Strategy Committee-approved ‘Prioritization Framework for Funds that Become Available for Portfolio Optimization and Financing Unfunded Quality Demand’, please refer to the GAC report to the Board GF/B39/EDP15.

Annex 1 – Relevant Past Decisions

1. Pursuant to the Governance Plan for Impact as approved at the Thirty-Second Board Meeting,⁸ 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/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 US\$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 US\$100 million to be made available for portfolio optimization
GF/AFCo8/DP01: Decision on the amount of additional funding available for investment through portfolio optimization	This decision point approved an additional US\$100 million to be made available for portfolio optimization
GF/AFCo9/DP01: Decision on the amount of additional funding available for investment through portfolio optimization	This decision point approved an additional US\$250 million to be made available for portfolio optimization
GF/B39/EDP15: Decision on the Secretariat's recommendation on Funding Unfunded Quality Demand from the 2017-2019 Allocation Period	This decision point notes the Secretariat's review of the items on the 2017- 2019 allocation period's UQD register in accordance with the prioritization framework approved by the Strategy Committee
GF/B38/EDP02: Decision on the Secretariat's recommendation for funding the Zambia TB/HIV grants	This decision point approved the Zambia TB/HIV grants (ZMB-C-CHAZ and ZMB-C-MOH)
GF/B38/EDP02: Decision on the Secretariat's recommendation for funding the Liberia Malaria grant	This decision point approved the Liberia Malaria grant (LBR-M-PII)

⁸ 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/>)