

Electronic Report to the Board

Report of the Secretariat's Grant Approvals Committee

GF/B41/ER09

Board Decision

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

1. GF/B41/EDP12: Decision on the Secretariat's Recommendation on Funding from the 2017-2019 Allocation¹
2. GF/B41/EDP13: 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 one grant: Georgia TB, up to an amount of **US\$6,239,620** of country allocation funding.

² The Secretariat recommends the approval of **US\$5,312,803** and **€8,911,000** of portfolio optimization funding to be integrated into the Armenia TB/HIV, Mali HIV, Mozambique malaria and Namibia TB/HIV grants.

Decisions

Decision Point: GF/B41/EDP12: Decision on the Secretariat's Recommendation on Funding from the 2017-2019 Allocation

The Board:

1. Approves the funding recommended for the country disease component, and its constituent grant, as listed in the Table 1 of GF/B41/ER09 ("Table 1");
2. Acknowledges the country disease component's constituent grant will be implemented by the proposed Principal Recipient 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 the 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/EDP13: 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/ER09 ("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 one grant: Georgia TB up to **US\$6,239,620** of country allocation funding.
 - **US\$5,312,803** and **€8,911,000** of portfolio optimization funding to be integrated into the Armenia TB/HIV, Mali HIV, Mozambique malaria, and Namibia TB/HIV grants.
- The grant in Table 1 has 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/DP02.

Input Sought

The Board is requested to review the request and agree on a 'no objection' basis, the decision points GF/B41/EDP12: Decision on the Secretariat's Recommendation on Funding from the 2017-2019 Allocation; and GF/B41/EDP13: 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	Georgia	TB	GEO-T-NCDC	31-12-2022	USD	6,239,620	N/A	23,181,579	0

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	Armenia	TB/HIV	ARM-C-MOH	Portfolio Optimization	USD	7,923,240	574,987	8,339,699
2	Mali	HIV	MLI-H-HCNLS	Portfolio Optimization	EUR	38,343,865	8,911,000	47,254,865
3	Mozambique	Malaria	MOZ-M-MOH	Portfolio Optimization	USD	126,235,937	2,202,469	128,438,406
			MOZ-M-WV	Portfolio Optimization	USD	41,634,402	1,475,436	43,109,838
4	Namibia	TB/HIV	NAM-C-MOH	Portfolio Optimization	USD	30,731,416	1,059,911	31,791,328

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, the 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 grant, the GAC provided additional guidance or made specific observations to inform the investment decision:

Georgia TB: National Center for Disease Control and Public Health (NCDC) (GEO-T-NCDC)

1.2 Background and context:

Despite significant progress achieved in recent years, the burden of TB, especially drug-resistant TB (DR-TB) remains high in Georgia. According to the World Health Organization (WHO), the latest estimated TB incidence was 86 per 100,000 population (for 2017), and the estimated 2017 mortality rate was 5.3 per 100,000 population (excluding TB/HIV cases).

The goal of the grant is to decrease the burden of TB and its impact on the overall social and economic development in Georgia, by ensuring universal access to timely and quality diagnosis and treatment of all forms of TB. The strategies for achieving this goal include: i) providing universal access to early and quality diagnosis of all forms of TB including DR-TB; ii) providing universal access to quality treatment of forms of TB including DR-TB with appropriate patient support; iii) enabling a supportive environment and systems for effective TB control; and iv) strengthening the health system's cross-cutting functions and performance for TB and HIV/AIDS control.

1.3 Co-financing and domestic commitment:

To access its 25 percent co-financing incentive, Georgia is required to invest an additional US\$1,793,769 in 2020-2022 over and above its TB spending in 2017-2019. The current commitment made by the Government is US\$23.2 million, which represent an increase of US\$6.5 million above the 2017-2019 period and therefore meets the minimum requirement of accessing the co-financing incentive.

1.4 GAC review and recommendations:

- The GAC appreciated that, with Global Fund support, country stakeholders have prepared the transition readiness assessment and developed a sustainability and transition plan, activities of which are integrated into the 2019-2022 National Strategy Plan (NSP) to ensure high governmental commitment for implementation.
- The GAC highlighted the NSP's focus on improving efficiency of the system and the introduction of a patient-centred approach for meeting diverse healthcare needs across the TB care continuum from prevention to cure. The GAC noted that the NSP is in the right direction to make progress towards the Sustainable Development Goals, including aiming to achieve 90 percent reduction in new TB cases and 80 percent reduction in mortality by 2030 and ensuring sustainable progress through the end of the three-year implementation period.
- In addition, the GAC reviewed the outcome of negotiations on co-financing, which are designed to complement Global Fund support to address systemic challenges and noted that these efforts have the potential to catalyse improvements in sustainability of the TB program. The GAC added that proposed investments in strengthening governance, improving the supply chain management system and

building patient-centred TB service delivery models are all key considerations towards sustainability of the National TB response.

2. Grant Revisions – Integration of Additional Funding into Board Approved Grants: Portfolio Optimization

2.1 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).⁵

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/AFCo4/DPO1, GF/AFCo7/DPO1, GF/AFCo8/DPO4 and GF/AFCo9/DPO1 for portfolio optimization to fund high impact interventions from the Register of Unfunded Quality Demand. The GAC recommended that in-country 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.⁶ The following section contains further details around the specific recommendations contained in this report.

2.2 In this report, the Secretariat recommends to the Board additional funding through the portfolio optimization award made in April 2019 for the Armenia TB/HIV, Mali HIV, Mozambique malaria, and Namibia TB/HIV grants. The GAC confirmed that these awards are in line with the criteria contained in the Prioritization Framework.

Armenia TB/HIV: Ministry of Health of the Republic of Armenia (ARM-C-MOH)

2.3 HIV prevalence in Armenia remains low with higher prevalence amongst key populations than the general population (1.9 percent for people who inject drugs, 0.6 percent for sex workers, 1.9 percent for men who have sex with men, 2 percent for transgender people, 0.2 percent for prisoners and only 0.2 percent among general population (Integrated Biological and Behavioral Surveillance (IBBS) Survey, 2018)).

The additional funding will support i) improvement of client registration and unified identification code (UIC) systems for key populations; ii) introduction of tele-medicine platform Extension for Community Healthcare Outcomes (ECHO), which aims to improve TB and HIV case management, including co-infection and co-morbidities and also contribute to the overall increase in the standards of health care at low cost; iii) expansion of diagnosis and treatment of sexually transmitted infections and other sexual health services for men who have sex with men; iv) conducting IBBS among key population to gather data, which is important for advocacy of Government funding for key population services and for setting the correct priorities for the National HIV Strategy; and v) expansion of HIV testing services for the migrant population. The proposed activities covered under this additional investment will complement the efforts of the grant in terms of HIV activities, to maintain a low level of HIV epidemic in the country, provide HIV treatment

⁵ Available [here](#). Please note this document is part of an internal deliberative process of the Global Fund and as such cannot be made public.

⁶ 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.

to all who need it, reduce mortality caused by HIV and reduce the stigma and discrimination towards key population and people living with HIV.

Mali HIV: Haut Conseil National de Lutte contre le Sida (MLI-H-HCNLS)

2.4 In February 2019, Mali embarked on a major healthcare sector reform. With the focus on primary healthcare in the initial phase of this reform (2019-2022), the Ministry of Health of Mali aims to improve, strengthen, recapitalize and fund the primary health care centers' (known as Centres de Santé Communautaire or CSCoM) system. The Government of Mali plans to reform the community health center system with attention to maternal health, under 5 mortality and morbidity including malaria and nutrition as well as family planning. Moreover, the government of Mali plans to provide free targeted healthcare to pregnant women and children under five years old. It is expected that the reform will have direct impact on increasing access to quality primary health care through the rehabilitation of CSCoMs and extension of community health workers (CHWs) to priority communities currently not being served, with the largest anticipated impact on maternal and child health.

The additional investment made available through portfolio optimization will support the reform by inclusion of resilient and sustainable systems for health (RSSH) activities at community level. The main proposed activities are the i) refurbishment of 58 CSCoMs and health systems strengthening to enable integrated service delivery and quality improvement; ii) recruitment, training and equipment for 1,000 CHWs, including their salaries and ensuring supervision; and iii) funding of a national management unit to support governance and oversight of the reform. Portfolio optimization investments will also leverage additional domestic resources from the Government of Mali focused on the health system reforms, complemented by joint investments from key partners. GAC Partners welcomed the award as a new investment opportunity to address system bottlenecks with potential for significant impact on the three diseases - including potential to increase malaria cases treated, PMTCT coverage for both testing and treatment, and TB notifications and treatment success - while also advancing progress on child mortality.

Mozambique Malaria: Ministry of Health and World Vision (MOZ-M-MOH and MOZ-M-WV)

2.5 Malaria is endemic in Mozambique with parasite prevalence still reaching over 60 percent in the Northern provinces (MIS 2018). Universal coverage of vector control was achieved for the first time in 2016-2017 and after a three-year interval, another universal long lasting insecticidal nets (LLIN) distribution started in July 2019. In addition to LLIN investments in vector control, indoor residual spraying (IRS) is used to manage insecticide resistance and current grant funds have financed IRS in 22 districts in 2018 and 2019. However, a funding gap for IRS in 2020 is anticipated. Following a revised quantification of IRS needs and after careful review of grant absorption and savings, particularly within already closed health product orders, savings have been identified to finance most of the IRS funding needs.

The additional investment will address the remaining 2020 IRS gap and ensure the continuity of IRS coverage at the same level as in 2018 and 2019 in the districts with high prevalence and high risk of pyrethroid resistance in the North, as well as in the pre-elimination districts in the South of the country.

To complement portfolio optimization investments, additional programmatic gaps resulting from Cyclone Idai have been addressed through the Emergency Fund including (i) to replace malaria commodities lost in the floods; and (ii) to cover costs related to the consequent increase in malaria case notification during the post cyclone period with related need for parasitological test and treatment.

Namibia TB/HIV: Ministry of Health and Social Services (NAM-C-MOH)

2.6 DR-TB has increased significantly in Namibia in the past decade and the National Tuberculosis and Leprosy Program registered 462 rifampicin-resistance / multidrug-resistance cases in 2017. As one of the early adopters of the 2018 WHO multidrug resistance-TB (MDR-TB) treatment guidelines, Namibia is currently facing stock-outs of essential drugs, particularly of MDR-TB medicines. This is due to the country's fiscal constraints, resulting from a fiscal deficit and increased public debt as well as bottlenecks in procurement following a new centralized procurement under the new Procurement Act, which has led to disruptions in health commodity procurement and ongoing stock-outs. Moreover, there are increased costs of treatment under the new regimen. The Ministry of Health is currently addressing some of these bottlenecks through implementing major reforms in the procurement system, nevertheless a funding gap remains to fully cover the costs associated with the MDR-TB treatment regimen change.

The additional investment presented for approval will address this gap and will allow Namibia to provide essential MDR-TB medicines for patients and to avoid treatment disruption. The additional funding contributes to enabling a smooth transition to the new MDR-TB guidelines, which will increase the country's capacity to cover MDR-TB patients costs in the future.

3. Privileges and Immunities

3.1 Of the applicants for which funding recommendations are currently being made, Georgia and the Republic of Mozambique have signed and 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,⁷ 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/DPo2: 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/DPo1: 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/DPo1: 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/DPo4: 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/DPo1: 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/B39/EDPo7: Decision on the Secretariat's recommendation for funding the Armenia TB/HIV grant	This decision point approved the Armenia TB/HIV grant (ARM-C-MOH)
GF/B38/EDPo4: Decision on the Secretariat's recommendation for funding the Mali HIV grant	This decision point approved the Mali HIV grant (MLI-H-HCNLS)

⁷ GF/B32/DPo5: Approval of the Governance Plan for Impact as set forth in document GF/B32/o8 Revision 2 (<http://www.theglobalfund.org/Knowledge/Decisions/GF/B32/DPo5/>)

Relevant past Decision Point	Summary and Impact
GF/B37/EDPo5: Decision on the Secretariat's recommendation for funding the Mozambique malaria grants	This decision point approved the Mozambique malaria grants (MOZ-M-MOH and MOZ-M-WV)
GF/B38/EDPo8: Decision on the Secretariat's recommendation for funding the Namibia TB/HIV grant	This decision point approved the Namibia TB/HIV grant (NAM-C-MOH)