

# 39<sup>th</sup> Board Meeting

## Revised Eligibility Policy

GF/B39/02  
09-10 May 2018, Skopje

### **Board Decision**

Purpose of the paper: This paper presents a revised Eligibility Policy for Board approval based on the recommendation of the Strategy Committee.

This document is part of an internal deliberative process of the Global Fund  
and, as such, it cannot be made public until after the Board Meeting.

## Decision

**Decision Point: GF/B39/DPXX: Approval of the revised Eligibility Policy**

1. ***Based on the recommendation of the Strategy Committee, the Board approves the revised Eligibility Policy, as set forth in Annex 1 to GF/B39/02 (the “Revised Eligibility Policy”).***
2. ***Accordingly, the Board:***
  - i. ***Acknowledges that this decision point and the Revised Eligibility Policy supersede the decision point GF/B35/DPO7 and the previous Eligibility Policy as set forth in Annex 2 to GF/B35/06 - Revision 1 (the “Previous Eligibility Policy”); and***
  - ii. ***Notes that notwithstanding paragraph 2.i of this decision point, the Previous Eligibility Policy remains applicable to grant programs originating from the 2017-2019 allocation period.***

**Budgetary implications: None.**

A summary of relevant past decisions providing context to the proposed Decision Point can be found in Annex 5.

# Executive Summary

## Context

- The Eligibility Policy, which was last revised by the Board in April 2016<sup>1</sup>, is one of the cornerstones of the Global Fund Strategy. It determines which country disease components may be eligible to receive an allocation. The policy prioritizes countries with greatest disease burden and least economic capacity, as well as responding to contexts where key and vulnerable populations are disproportionately affected by the three diseases. The Global Fund has the largest geographical reach among global health multilateral financiers, with over 100 countries eligible for funding across the three diseases.
- Following the last revision of the policy in April 2016, the Strategy Committee (SC) agreed to subsequently review the disease burden metrics to ensure they are fit for purpose. Noting the need to look at the Eligibility Policy holistically, the SC decided to undertake a full review of the policy to confirm the rigor and appropriateness of the determinants of eligibility in advance of the 2020-2022 allocation period.
- There have been extensive discussions on the Eligibility Policy throughout the course of 2017 and early 2018, with four in-person SC meeting discussions and three SC calls dedicated to this subject. Annex 1 includes the revised Eligibility Policy which has been recommended by the Strategy Committee and Annex 2 explains the changes made vis-a-vis the current policy. Annex 3 provides full details on the proposed revisions to disease burden metrics as recommended by technical partners. Annexes 4-6 provide links to previous SC input, relevant past Board Decisions and documents and reference materials.

## Questions this paper addresses

- A. What do we propose to do and why?
- B. What options were considered?
- C. What do we need to do next to progress?

## Conclusions

- A. The SC extensively discussed the Eligibility Policy through 2017 and 2018, and considered whether the policy was fit for purpose to achieve the Global Fund Strategy. Numerous options were considered and evaluated, which are summarized in Annex 4.
- B. The revised Eligibility Policy has been restructured for clarity in order to be more easily understood by all stakeholders. The policy includes significant updates to TB disease burden metrics to increase robustness, as well as more minor changes related to malaria burden thresholds and certain special provisions for upper-middle income countries.
- C. Based on the recommendation of the SC, the Board is requested to approve the revised Eligibility Policy as presented in Annex 1.

## Input Sought

- The Board is requested to approval the revised Eligibility Policy presented in Annex 1 to this paper, Decision Point GF/B39/DPXX: Approval of the revised Eligibility Policy

## Input Received

- There have been numerous discussions at the SC since March 2017 with dedicated sessions and post-meeting calls on the subject. Throughout the process, input from Committee members has been taken into account and discussed by the Committee. In addition to the SC discussions, constituencies not on the SC have provided input through SC members or written feedback to the

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<sup>1</sup> GF/B35/DP07: <https://www.theglobalfund.org/board-decisions/b35-dp07/>

Committee. This feedback was reviewed and considered by the Committee during the deliberative process.

## What is the need or opportunity?

1. The Eligibility Policy is intended to ensure that available resources are allocated and invested in countries and regions with the highest burden of disease, the least economic capacity, and where key and vulnerable populations are disproportionately affected by the three diseases. This policy determines which country disease components are eligible to receive a country allocation, noting that eligibility does not guarantee an allocation. The policy also specifies requirements related to eligibility for multi-country grants. Requirements related to focus of applications, sustainability, transition and co-financing are articulated in their respective policies.
2. Among global health funders, the Global Fund has a broad geographical reach and provides grants in over 100 countries.<sup>2</sup> As a comparison across grant-making global health multilateral organizations, 123 countries are eligible for Global Fund support, 75 countries for World Bank IDA support, and 54 for Gavi support. The World Bank's Global Financing Facility currently supports 26 of the 67 high-burden low-income and lower-middle-income countries that are eligible. The Global Partnership for Education, a comparable multilateral financier for education, supports 65 countries.
3. The current Global Fund Eligibility Policy allows for all low and lower-middle income countries to be eligible regardless of disease burden and for all upper-middle income countries (UMICs) that meet a specific disease burden threshold to be eligible. The requirement that UMICs must have at least a high disease burden to be eligible has been in place since 2003.<sup>3</sup>
4. The current policy also contains a number of special provisions that are specific to UMIC eligibility, which are discussed in detail below.
5. The current policy recognizes the importance of planned transitions from Global Fund financing and allows for country components with existing grants that become ineligible to be eligible for an allocation of Transition Funding.
6. When the Strategy, Investment and Impact Committee (SIIC) recommended the revised policy for approval to the Board in April 2016, the Committee noted that a future review of the disease burden metrics for determining upper-middle income eligibility should occur since they were last reviewed in May 2011.
7. The SC began its review of the Eligibility Policy in March 2017 with a particular emphasis on the disease burden metrics and the threshold for UMIC eligibility. This was later expanded into a full policy review in order to ensure that the policy is fit for purpose and approved in advance of the 2020-2022 allocation period.
8. At the 37th Board Meeting in May 2017, the Board requested the SC to discuss exceptional circumstances in non-eligible countries as part of the ongoing review of the Eligibility Policy. This request was made in the context of discussions around the health situation in Venezuela, an ineligible UMIC, which has not received funding from the Global Fund. In October 2017, the SC set up an informal sub-working group to discuss the issue of ineligible countries in crisis. The recommended approach is set forth in GF/B39/03, and should be considered as relevant context to the Eligibility Policy review.

## What do we propose to do and why (including a description of options considered)?

### What is the proposal?

9. The SC recommends that the current Eligibility Policy be replaced with the revised policy in Annex 1 to this paper which, in addition to being restructured and edited for clarity, presents revisions to

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<sup>2</sup> The Global Fund also supports a number of multi-country grants for the three diseases, which can include ineligible countries as long as 51% of the countries are eligible for the disease component of the grant.

<sup>3</sup> The current eligibility policy defines high burden for the three diseases in Annex A to the Policy (GF/B35/DP07).

the disease burden metrics, thresholds and categories, certain provisions relating to UMIC eligibility, as well as changes in other areas which codify current practice.

10. The SC discussed the appropriateness of continuing to use gross national income (GNI) per capita as the economic capacity indicator, and recommended to maintain its use. The Global Fund will continue to use an average of the latest 3-year GNI per capita (World Bank Atlas method) to determine income classification. Income classifications ('low', 'lower-middle', 'upper-middle', 'high') will continued to be determined using the World Bank income group thresholds for the year that eligibility determinations are made.
11. There are no changes proposed regarding the current 51 percent requirement of eligible countries for multi-country grants, except to clarify that country components receiving Transition Funding will be considered 'eligible' for the purposes of determining whether a multi-country applicant meets the 51 percent requirement. This is a minor expansion of this provision which recognizes that countries can be ineligible but receiving an actively managed transition allocation and therefore should be considered as part of the 51% requirement rather than as ineligible for participation in a multi-country grant.
12. No changes are proposed with respect to resilient and sustainable systems for health (RSSH) funding, therefore applicants will continue to be able to use their country allocations for RSSH regardless of disease burden or income level, in line with their epidemiological and country contexts.<sup>4</sup>
13. Countries that are certified as malaria-free by WHO or are on the WHO Supplementary List of countries that are malaria-free but not certified by WHO continue to be ineligible for an allocation. There are also no changes being proposed to the Small Island Economy Exception for UMICs.
14. Finally, the SC recommends a number of changes to the Eligibility Policy, which are described briefly below and in more detail in the sections that follow:
  - i. Simplification of disease burden categories from five 'categories of disease burden'<sup>5</sup> to two categories of burden ('high' and 'not high'), resulting in a single UMIC threshold for disease burden for each of the three diseases.
  - ii. Updates to disease burden metrics and thresholds: new TB metric and UMIC thresholds, revised malaria thresholds for UMICs and a way to address malaria resurgence, no changes to HIV but explicit note of how the Global Fund deals with lack of data for key populations.
  - iii. UMIC exceptions: changes to the G-20 rule and the Exception to OECD DAC Official Development Assistance (ODA) Requirement.
  - iv. Other clarifications, including with respect to Transition Funding.

## Areas updated for increased rigor

### Disease Burden Metrics, Thresholds and Categories

15. The SC recommends replacing the current five categories of disease burden with a single UMIC threshold for disease burden which would result in two categories of burden, 'high' and 'not high'. This threshold, consistent with the current policy and updated for the current funding model, would be used to determine whether or not a UMIC may be eligible for Global Fund financing.
16. Beginning in March 2017, technical partners have reviewed their respective disease burden metrics and the threshold for UMICs, noting the recommendation to move to a single threshold for UMIC eligibility.
17. Based on the recommendation of technical partners, the revised policy in Annex 1 contains new metrics and thresholds for TB, revised thresholds for malaria and an approach to malaria resurgence, and unchanged HIV thresholds. Annex 3 to this paper provides further rationale on the proposed changes to the disease burden thresholds/metrics and illustrative outcomes.

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<sup>4</sup> Applicants will have to meet the application focus requirements described in the Sustainability, Transition and Co-Financing Policy (Annex 1 to GF/B35/04 – Revision 1) as well as any other investment guidance provided by the Global Fund.

<sup>5</sup> 'Low', 'moderate', 'high', 'severe' and 'extreme'.

18. TB partners in March noted that the current eligibility metric of case notification should be replaced with incidence, as this is a more accurate reflection of the true burden of TB in a country. Partners also noted the need to consider the proportion of drug resistance, which is a growing threat in many countries, as part of a revised eligibility metric. TB partners recommend the following new metrics and thresholds for UMICs:

TB incidence rate per 100,000 greater than or equal ( $\geq$ ) to 50

OR proportion of new TB cases that are drug-resistant (resistance to rifampicin) greater than or equal to ( $\geq$ ) 5 percent.

19. Malaria partners reviewed the current metrics and thresholds for UMICS and recommend the continued use of malaria burden data from 2000 as the basis for determining eligibility. However it was noted that reliance on data from 2000 may not capture large malaria upsurges. For eligibility, they recommend minor revision to the current metrics and thresholds as follows:

Mortality rate greater than or equal to ( $\geq$ ) 0.12 OR

Contribution to global deaths greater than or equal to ( $\geq$ ) 0.25% OR

Mortality rate less than ( $<$ )0.12 AND Morbidity rate greater than ( $>$ )65

OR country with documented artemisinin resistance

20. Malaria resurgence: At its October meeting, the SC noted that UMICs experiencing a significant malaria resurgence may not qualify for eligibility based on 2000 data. Malaria resurgence, defined as an unusual increase in malaria burden, could be a significant issue in not only ineligible UMICs but also in low or lower-middle income countries that are certified by WHO as malaria-free or are on the WHO 'Supplementary List of countries that are malaria-free but not certified by WHO.
21. Malaria partners discussed possible metrics to measure resurgence and agreed that it is not possible to set a threshold to define the level at which a response to a resurgence requires external financing, as requirements will be country-specific. Instead, malaria partners recommend that the principles laid out in the WHO Emergency Response Framework<sup>6</sup> be adopted and that WHO, in consultation with technical partners would carry out a risk assessment of any identified malaria resurgences. Annex 3 provides more details.
22. Based on specific predefined criteria in the risk assessment, WHO and technical partners may recommend that an ineligible country experiencing a malaria resurgence either a) be considered for crisis funding in line with the Ineligible Countries in Crisis approach<sup>7</sup> and/or b) if the resurgence lasts to the next funding cycle, be considered eligible for an allocation. Based on the recommendation of WHO and technical partners, the Secretariat may seek exceptional Board approval for the eligibility of these countries. It is not anticipated that there will be many countries that will require an exception based on current data.
23. HIV partners recommend maintaining the current burden metric and thresholds for HIV for UMICs, as there is no scientific justification or recommendation to change and prevalence is a reliable measure of actual burden. As a result the metrics and thresholds will remain:

HIV national prevalence greater than or equal to ( $\geq$ ) 1 percent

OR prevalence in a key population greater than or equal to ( $\geq$ ) 5 percent

24. Some constituencies raised concerns around the lack of nationally reported data for key populations, particularly for UMICs. The Secretariat clarified that, in line with current practice, when there is no official nationally reported prevalence data, or data has significantly changed from previous years, and where this data will have an impact on eligibility, the Global Fund seeks clarifications from UNAIDS. In line with current practice, in the event that UNAIDS did not publish national data for certain countries due to concerns around the reliability of data, but can share the data with the Global Fund, including from but not limited to the Key Populations Atlas, this is used to determine eligibility. This has now been explicitly included in the revised policy as footnote 9.

<sup>6</sup> <http://www.who.int/hac/about/erf/en/>

<sup>7</sup> GF/B39/02

25. The SC and technical partners discussed whether or not there should be a disease burden metric and threshold for low and lower-middle income countries, noting that currently these countries are eligible regardless of burden. In order to inform this discussion, the SC and partners reviewed the current burden of low and lower-middle income countries and agreed that low and lower-middle income countries should not be subject to disease burden thresholds, noting that the allocation methodology takes into account burden, driving more resources to higher burden countries, and that there is a lack of burden data in a number of challenging and capacity-constrained environments, which tend to be low or lower-middle income countries.
26. The SC endorsed the above recommendations at its 6<sup>th</sup> meeting in March 2018 and these have been incorporated in the revised policy in Annex 1.

### **Specific provisions for upper-middle income countries**

27. The remainder of this section discusses the recommendations and options considered by the SC regarding the specific provisions governing the eligibility of UMICs. While these are presented separately below, the provisions were holistically considered by the SC, given the interplay between some of the provisions.
28. The current approved policy contains a number of special provisions for UMICs:
  - i. Group of 20 (G-20) Rule: Requires that UMIC G-20 countries must have an ‘extreme’<sup>8</sup> disease burden in order to be eligible, unless they meet the requirements for the exception to the OECD-DAC ODA requirement (described further below).
  - ii. OECD DAC ODA Requirement for HIV/AIDS: In order for UMICs to be eligible for funding for HIV/AIDS they must first meet the disease burden threshold and secondly be on the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) List of Recipients for Official Development Assistance (ODA).<sup>9</sup>
  - iii. Exception to OECD-DAC ODA Requirement for funding civil society for HIV/AIDS (formerly referred to as the “NGO Rule”): Allows for UMICs that meet the disease burden threshold who are not on the OECD DAC List of ODA Recipients to potentially be eligible for funding for civil society and non-governmental organizations, if there are demonstrated political barriers to providing services for key populations in that country, as supported by a country’s epidemiology.
  - iv. Small Island Economy (SIE) Exception: allows for UMICs classified by the International Development Association (IDA) as “Small Island Economy Exceptions”<sup>10</sup> to be eligible regardless of disease burden.
29. The SC recommends no changes to the OECD DAC ODA requirement for HIV/AIDS and the SIE exception.

### **G-20 Rule**

30. The SC discussed at length the G-20 rule, which establishes that only UMIC G-20s with an ‘extreme’ disease burden are eligible and applies to all three diseases.<sup>11</sup> This rule was created in November 2011 during a time of severe Global Fund resource constraints. Currently the Global Fund supports three G-20 countries: India (lower-middle income), Indonesia (lower-middle income) and South Africa (upper-middle income).
31. In considering whether the G-20 rule could be maintained, the SC noted that with the agreement to simplify/remove the five disease burden categories and replace them with a single threshold for UMICs, there would no longer exist an “extreme” disease burden threshold to determine G-20

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<sup>8</sup>‘Extreme’ disease burden was defined under the previous Eligibility Policy and will not exist in the revised policy.

<sup>9</sup>The OECD DAC publishes a list of countries that are eligible to receive ODA. The list consists of all low and middle income countries based on gross national income (GNI) per capita as published by the World Bank, with the exception of G8 members, EU members, and countries with a firm date for entry into the EU. The list also includes all of the Least Developed countries as defined by the United Nations. <http://www.oecd.org/dac/stats/daclist.htm>

<sup>10</sup> IDA defines the ‘small island economy exception’ to their lending requirements as small islands (with less than 1.5 million people, significant vulnerability due to size and geography, and very limited credit-worthiness and financing options) that have been granted exceptions in maintaining their IDA eligibility. (Source: <http://ida.worldbank.org/about/borrowing-countries>)

<sup>11</sup> G-20 low and lower-middle income countries are eligible regardless of burden.

UMIC eligibility. Therefore, maintaining a G-20 rule would require new thresholds to be defined in order to achieve a desired outcome (i.e. excluding specific countries), which technical partners did not support. Given the potential unfeasibility of articulating evidence-based burden thresholds for the G-20 rule, the SC did not support maintaining this rule.

32. Current policy also does not provide for any Transition Funding for G-20 countries who become ineligible upon moving to UMIC status and who do not meet the burden thresholds. The revised eligibility policy has removed this restriction for existing G-20 countries unless they move to high income status or become an OECD DAC member.<sup>12</sup>
33. A significant unanticipated consequence of the current policy is that it is likely to make Indonesia ineligible for the 2020-2022 allocation period. Based on economic growth projections, Indonesia is expected to move to UMIC status by the next allocation period,<sup>13</sup> and under current policy it could potentially become ineligible for all three diseases and would not benefit from any Transition Funding. Ineligibility would be solely based upon membership in the G20, as Indonesia has high HIV burden with prevalence estimated at 28.8% for IDU, 25.8% for MSM, 24.8% for transgender and 5.3% for sex workers. Indonesia has the second largest TB burden in the world and it is one of 14 countries in the world that is on all three WHO high burden lists<sup>14</sup>, with an incidence rate of 391 cases per 100,000. In addition, Indonesia also has high malaria burden based on 2000 WHO data.
34. While health sector sustainability planning is underway, sudden changes in Indonesia's eligibility would jeopardize gains made and cumulative Global Fund investments of over USD 1 billion<sup>15</sup>, and impact overall Global Fund and global disease strategy targets. To illustrate, Indonesia accounts for 8% of the global target for number of notified cases of all forms of TB, 5% of the global target for number of cases with drug-resistant TB (RR-TB and/or MDR-TB) that begin second-line treatment and 3% of the global target for number of adults and children currently receiving ART.
35. The SC discussed a number of options around the G-20 rule, including (i) complete elimination of the rule, (ii) removal of the rule going forward but not allowing G-20 UMICs that are currently ineligible to become newly eligible, and (iii) maintaining a G-20 rule but ensuring Transition Funding in the event of ineligibility.
36. Some SC members supported removal of the rule, with the view that determining eligibility on the basis of a political criteria is not appropriate. However, the SC noted that complete removal of the rule with no caveats to exclude currently ineligible G-20 UMICs from becoming newly eligible could make 5 G-20 UMICs and 9 components newly eligible as these components meet the current (and revised) burden thresholds for UMICs for the three diseases.<sup>16</sup> These countries have all already transitioned away from Global Fund financing. The SC noted that, assuming no change in available Global Fund resources, applying the 2017-19 allocation methodology using a \$10.3 billion replenishment scenario could result in approximately \$200 million (formula-derived amount) or 2% of the total being allocated to newly eligible G-20 UMICs. While the SC noted that there is high burden in these countries, in particular for key populations in HIV, the SC did not support removal of the rule unless accompanied by limitations on currently ineligible G-20 UMICs becoming newly eligible.
37. The SC ultimately endorsed the option of removing the G-20 rule going forward, but introducing a provision restricting currently ineligible UMIC G-20 countries, unless they are eligible under the Exception to the OECD DAC ODA Requirement for HIV, from becoming newly eligible in the future. Under this scenario South Africa would continue to be eligible for HIV and TB as long as they remain UMIC, and Indonesia and India will continue to be eligible upon becoming UMICs as long as they meet the burden thresholds for UMICs. This option mitigates the unintended consequences of the previous G-20 rule by allowing Indonesia to maintain eligibility based upon income and burden,

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<sup>13</sup> Economic growth is projected to grow at an average annual rate of 7.8% over 2017-2022 (according to the International Monetary Fund's (IMF) World Economic Outlook, October 2017 update).

<sup>14</sup> [http://www.who.int/tb/publications/global\\_report/high\\_tb\\_burden/countrylists2016-2020.pdf](http://www.who.int/tb/publications/global_report/high_tb_burden/countrylists2016-2020.pdf)

<sup>15</sup> Amount includes uncommitted and unsigned 2017-19 allocation amounts.

<sup>16</sup> This is based on latest available GNI 3-year average and burden data (using the new TB metrics and thresholds and revised thresholds for malaria). Potentially newly eligible components include: Argentina (HIV), Brazil (HIV, TB), China (HIV, TB), Mexico (HIV), Russia (HIV, TB), South Africa (Malaria).



and updates the policy as required by changes in burden metrics and simplification of burden categories.

### **OECD DAC ODA Requirement for HIV/AIDS**

38. Since 2007, there has been a requirement that in order for UMICs to be eligible for HIV funding, they must meet the disease burden criteria for UMICs **and** also be on the OECD DAC List of ODA Recipients. The DAC List of ODA Recipients<sup>17</sup> includes all countries and territories eligible to receive ODA. The list includes all low, lower middle and upper-middle income countries based on GNI per capita as published by the World Bank, with the exception of G8 members, European Union (EU) members, and countries with a firm date for entry into the EU.<sup>18</sup>
39. For the 2017-2019 allocation period, there were two countries that are not eligible because of this requirement – Romania and Bulgaria – as they joined the EU in 2007. However, these countries could be eligible if they meet the requirements under the Exception to the OECD DAC ODA Requirement for HIV/AIDS (described further below).
40. The SC discussed whether or not this requirement should be removed, maintained or expanded to TB and malaria. In considering potential removal of the rule, the SC noted that this would make the exception to the OECD DAC ODA requirement for HIV (formerly known as the ‘NGO Rule’) redundant. While the SC noted that removing the rule would not have significant implications on the current portfolio, it did not support this option in light of the requirement’s consistency with broader development policy.
41. The SC considered the expansion of the requirement to both TB and malaria, noting that the expansion to malaria would affect no countries, while the expansion to TB would affect one country – Romania. While there were some members who supported expansion of the requirement to TB and malaria for alignment with broader development policy, ultimately the SC recommended to maintain status quo and the OECD-DAC requirement only for HIV.

### **Exception to OECD DAC ODA Requirement for funding civil society for HIV (formerly known as the “NGO Rule”)**

42. The current policy contains a provision to allow for potential eligibility for UMICs that meet the disease burden thresholds for HIV **and are not** on the OECD DAC List of ODA Recipients (e.g. UMIC EU countries and UMIC G8 countries). Eligibility under this rule is currently linked to the existence of political barriers (e.g. legislative and/or policy provisions) that preclude the provision of evidence-informed interventions (e.g. provision of needle exchange programs, opioid substitution therapy, condoms) for key populations. Funding provided under this rule must be channeled through civil society and cannot directly fund governments.<sup>19</sup> Under this rule, G-20 UMIC countries <sup>20</sup>that are not on the OECD-DAC List of ODA Recipients do not need to meet the ‘extreme’ threshold and may be eligible under this rule if they have at least a high burden of disease.
43. This rule to date has allowed one country to be funded – the Russian Federation – in the 2014-2016 allocation period.<sup>21</sup> Two additional countries – Bulgaria and Romania - could have been eligible for the 2014-2016 and 2017-2019 allocation periods, but were not deemed to have substantive political barriers that would preclude providing services to key populations.

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<sup>17</sup> [http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DAC\\_List\\_ODA\\_Recipients2018to2020\\_flows\\_En.pdf](http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DAC_List_ODA_Recipients2018to2020_flows_En.pdf)

<sup>18</sup> The list also includes all of the Least Developed Countries as defined by the United Nations.

<sup>19</sup> Direct financing for governments is not allowed under this rule and applicants also must meet other requirements.

<sup>20</sup> There is one UMIC G-20 country with high burden that is currently not on the OECD-DAC ODA List – Russian Federation.

<sup>21</sup> This was possible as a grace-period clause was included in the 2013 revision to eligibility which allowed for one final allocation of funding for an existing grant regardless of income. This clause was intended to extend funding for the Russian Federation since it had become high income and had an existing grant under this rule. The Russian Federation did receive funding for HIV and TB under the Rounds-based funding model –Rounds 3 &4 – prior to becoming ineligible.

44. The term “NGO rule” has led to confusion about this rule describing broader Global Fund support for civil society, which is not the case. The rule is only for those UMICs with at least a high disease burden who are not on the OECD DAC ODA List, and then allows for potential funding to civil society only in the event of political barriers. The Global Fund currently funds civil society either directly (as a Principal Recipient) or indirectly through most of its grants. Application requirements have a condition that UMICs focus 100% of their funding on interventions that maintain or scale-up evidence-based interventions for key and vulnerable populations. In addition, the co-financing policy requires that at least 50% of additional government co-financing commitments support activities for key and vulnerable populations in UMICs.<sup>22</sup>
45. The SC discussed three options: (i) maintain the rule for HIV, (ii) expand to TB and malaria in the event the OECD DAC ODA requirement was expanded, or (iii) expand the rule for HIV to include ineligible G-20 UMIC countries that meet the burden requirements and incorporate changes related to what and how an assessment is made regarding barriers.
46. With the decision not to expand the OECD DAC ODA requirement to TB and malaria, the option to expand to TB and malaria was made redundant. The SC and partners noted that expansion to TB and malaria would have required new definitions of key populations and what would constitute barriers in the context of these two diseases and that this would have no effect for malaria and only affect one, potentially two, countries for TB.
47. The SC discussed at length the proposed expansion of the requirement to include UMIC G-20 countries with at least high burden who would otherwise be ineligible. While the SC recognized that there is burden in these countries, in particular for key populations, there was not overall support to expand the cohort of countries noting the potential implications on the movement of funding across the portfolio.<sup>23</sup>
48. The SC agreed that the term ‘political barriers’ was not used among partners and agreed that this should be changed to ‘barriers’. In response to the concern expressed by some SC members that it is currently not clear what is assessed by the Secretariat to determine the existence of barriers, a new footnote (13) has been included in the revised policy. This footnote clarifies that the Secretariat, in consultation with the UN and other partners as appropriate, will look at the overall human rights environment of the context with respect to key populations in countries who may be eligible under this exception. The Secretariat will specifically assess whether there are laws or policies that influence practices and seriously limit and/or restrict the provision of evidence-informed interventions for such key populations.
49. The Secretariat noted that while eligibility determinations are made yearly, an assessment of barriers is made every three years in line with the allocation cycle and prior to the publishing of the Eligibility List for that year, which is consistent with current practice.<sup>24</sup>
50. The SC noted that this requirement, which was put in place to allow for funding of civil society in high burden UMICs that were not on the OECD DAC ODA List with political barriers to providing services, may perhaps be better addressed outside the Eligibility Policy. It was noted that currently funding for eligible components under this requirement is derived from the country allocation formula, when in fact this funding is meant to be exclusively for civil society and non-governmental organizations to fund specific interventions that are not funded by the government due to legislative and/or policy provisions. Significant multi-country funding for key populations in middle income countries with insufficient resources for transition and difficult policy environments has already been approved as part of the 2017-2019 catalytic funding priorities, and can include ineligible countries as long as the total number of eligible countries is at least 51% of the total.
51. The SC acknowledged that there should be additional discussion around this as part of the allocation deliberations, including whether the strategic need which this requirement is meant to address could be better addressed through funding outside of country allocations and whether funding for

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<sup>22</sup> STC Policy, Annex 1 to GF/B35/04-Revision 1.

<sup>23</sup> Assuming there is no change in available Global Fund resources and applying the 2017-2019 allocation methodology with a \$10.3 billion replenishment scenario, expansion to currently ineligible G-20 countries could result in approximately \$119 million for HIV (formula-derived amount) or 2% of the funding for HIV if this rule were expanded and if the countries in question meet the barriers criteria.

<sup>24</sup> For example, the next assessment will occur in mid-2019 prior to the establishment of the 2020 Eligibility List which will be used to determine allocations for the 2020-2022 allocation period.

eligible components under this provision should be determined differently from other eligible country disease component allocations.

### **Transition Funding**

52. Based on feedback received by SC members concerning Transition Funding, the revised policy clarifies:
- i. All existing grants that become ineligible may be eligible to receive Transition Funding, except if they move to high income status or become a member of the OECD DAC. The exclusion for G-20 countries which become ineligible has been removed, unless they meet the exclusions previously noted that are applicable to all countries.
  - ii. As noted at the time of the approval of the current Eligibility and STC Policies, the Secretariat may exceptionally request, on a case-by-case basis, one additional allocation of Transition Funding for critical transition activities that are essential for supporting transition from Global Fund financing. The revised policy contains a footnote<sup>25</sup> which describes this and clarifies that any additional allocation of Transition Funding must be accompanied by clear and specific domestic commitments in line with the STC Policy. When assessing individual cases, the Secretariat will look at a number of factors including, but not limited to:
    - a. The latest available data on national incidence for the three diseases provided by technical partners;
    - b. Whether or not there are sufficient domestic commitments (financial or other) to support ongoing transition preparedness and planning, including for example (but not limited to) concrete commitments to finance services for key and vulnerable populations, specific commitments to develop social contracting mechanisms; and/or to support sustainable provision of services, etc.;
    - c. Other country-specific factors, which will be dependent on individual context.
53. The SC discussed the potential for allowing a second allocation of transition funding where one has been deemed insufficient. The SC agreed to maintain the current policy which allows for one allocation of Transition Funding and that any request for a second allocation would remain an exception requiring Board approval. The SC noted that the Secretariat will ensure that any request for a second allocation will be made in a timely manner and prior to determining the eligibility list that will be used for allocations for a specific allocation period.

### **Why is this the recommended option?**

54. The revised Eligibility Policy, which was recommended by the SC and is set forth in Annex 1 to this paper, is the result of extensive consultation and discussion at the SC which began in March 2017. The SC has discussed at length different options and has assessed the pros and cons of these as well as the risks associated with making no change to the current policy. The revised policy does not expand or contract eligibility, but maintains the current scope of eligibility while making important updates to increase the rigor of the policy (e.g. changes to the TB burden metrics) and clarifying areas that were previously ambiguous or unclear. Finally, the revised policy has been re-written for clarity and has been simplified to ensure a clearer understanding among all stakeholders.

### **Which option does the Secretariat recommend, considering the benefits and risks of the options discussed by the Committee?**

55. The Secretariat agrees with and supports the SC recommendation. The Secretariat feels that the recommended policy represents a responsible balancing of the urgent need to enable scale up of programming, the responsibility of supporting the continuity of existing essential treatment and prevention interventions in the current portfolio, needs across the three diseases in ineligible countries, and ongoing reality of resource limitations. The revised Eligibility Policy does not narrow eligibility, which could jeopardize sustainability and transition planning for currently eligible countries. The revised policy also does not significantly expand eligibility, which could serve greater

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<sup>25</sup> Footnote 18 of the revised policy states: "The Secretariat may exceptionally request on a case-by-case basis that the Global Fund Board approve one additional allocation of Transition Funding in order to allow for the financing of critical transition activities that are essential to achieving a Global Fund transition. Any allocation of additional transition funding must also be accompanied by specific, clear domestic commitments in line with the principles of the STC Policy."

needs but potentially at the cost of maintaining and scaling up essential interventions in the current portfolio. The Secretariat will still have to work to balance and differentiate its support across a large number of eligible countries.

56. The Secretariat strongly supports the recommended updates to the disease burden metrics, in particular the change to incidence for the TB burden metric, and the inclusion of provisions meant to address significant malaria resurgences in non-eligible low and middle-income countries. The revised policy will also helpfully prevent an unintended and precipitous transition for a large high burden country, and will therefore enable continued impact and sustainability planning.
57. With respect to the Exception to the OECD DAC ODA requirement for HIV and civil society, the Secretariat fully endorses the importance of funding civil society organizations and agrees with the SC recommendation that funding for any eligible component under this provision are likely better addressed outside country allocations. The Secretariat notes that 2017-2019 catalytic funding has already prioritized multi-country funding for key populations in middle income countries with insufficient resources for transition and difficult policy environments, which can support community and civil society organizations in both eligible and ineligible countries. The Secretariat notes that creating specific rules/policies for single countries, as previously occurred with the Exception to the OECD DAC ODA and G-20 requirements, may have unintended and unforeseen consequences and result in policies that are challenging to implement.
58. The Secretariat recommends that the Board approve the revised Eligibility Policy presented in Annex 1 to this paper.

## **What do we need to do next to progress?**

### What is required to progress the proposal?

59. The Board is requested to approve the revised Eligibility Policy recommended by the SC, as set forth in Annex 1 to this paper.

### What would be the impact of delaying or rejecting the decision to progress?

60. A delayed decision by the Board on the revised Eligibility Policy will negatively impact the work and the timelines for the potential revisions to the allocation methodology for 2020-2022, scheduled to be presented for Board approval at its first meeting in 2019. The Eligibility Policy sets the parameters needed to run the allocation methodology, as it determines which countries are eligible for an allocation and will be used to run scenario assumptions which are important to understand the potential amount of funds for countries based on different replenishment scenarios. Given this crucial interdependency and the need for sufficient time to review and approve the allocation methodology, in the event that a revised policy is not approved by the Board in May 2018, the Global Fund will default to the current Eligibility Policy for the 2020-2022 allocation period. This is intended to give sufficient time for allocation discussions and effective implementation of the Board decisions. In addition, if the revised Eligibility Policy is not approved, the Global Fund may need to seek exceptions for Indonesia in the event it does move to UMIC status prior to the next allocation period to avoid a precipitous cessation of funding.

## **Recommendation**

61. The Board is requested to approve the Decision Point presented on page 2.

<p>This document is part of an internal deliberative process of the Global Fund and as such cannot be made public until after the Board Meeting</p>
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## Annexes

The following items can be found in Annex:

- Annex 1: Revised Eligibility Policy
- Annex 2: Explanatory Note of Changes
- Annex 3: Disease Burden Metrics
- Annex 4: Summary of Committee Input
- Annex 5: Relevant Past Decisions
- Annex 6: Links to Relevant Past Documents & Reference Materials

## Annex 1 – THE GLOBAL FUND ELIGIBILITY POLICY

### I. Overview and Objectives

1. The Global Fund's Eligibility Policy identifies country disease components (e.g. HIV/AIDS, Tuberculosis and Malaria) that are eligible to receive an allocation from the Global Fund.<sup>1</sup>
2. The Eligibility Policy is designed to support the Global Fund Strategy and ensure that available resources are allocated to countries with the highest disease burden and the lowest economic capacity, and to key populations that are disproportionately affected by the three diseases.
3. This policy sets forth the criteria used to determine a disease component's eligibility. A country may be eligible to receive an allocation for one or more disease components. However eligibility to receive a Global Fund allocation does not guarantee an allocation.<sup>2</sup>
4. While country disease components are assessed yearly against eligibility criteria, allocations are made only every three years in line with Global Fund replenishment cycles and the allocation methodology approved by the Global Fund Board. A country component must meet eligibility criteria for two consecutive years in order to become newly eligible for an allocation.
5. The policy does not describe other requirements which may be related to accessing funding. Additional requirements and flexibilities related to accessing funding are set forth in their respective policies.<sup>3</sup>

### II. Eligible Countries/Disease Components

6. To assess economic capacity, the Global Fund will use the latest three-year average of Gross National Income (GNI) per capita<sup>4</sup> to determine income classifications according to the World Bank income group categories and thresholds.<sup>5</sup> This is the first

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<sup>1</sup> Allocations are determined in accordance with a methodology approved by the Global Fund Board.

<sup>2</sup> For example, in accordance with the Board-approved allocation methodology, the Global Fund may decide not to provide an allocation to a country component where there is no existing grant(s), where there has never been a Global Fund grant, or where a country component has successfully transitioned and/or where commitments have been made to ensure domestic financing of the program. In all cases, individual country context will be considered as part of allocation decisions.

<sup>3</sup> This includes but is not limited to requirements set forth in the Country Coordinating Mechanism (CCM) Guidelines (Annex 1 of GF/B23/05), Sustainability, Transition and Co-financing Policy (Annex 1 of GF/B35/04 - Revision 1), and/or Challenging Operating Environments Policy (Annex 1 to GF/B35/03), each as may be amended from time to time.

<sup>4</sup> GNI per capita is determined in accordance with the World Bank Atlas Method. The Atlas Method estimates the size of economies based on GNI per capita converted to current U.S. dollars. This method applies a conversion factor to reduce the impact of exchange rate fluctuations in the cross-country comparison of national incomes.

<sup>5</sup> Income classifications (e.g. 'high', 'upper-middle', 'lower-middle', and 'low') will be determined using the World Bank income group thresholds for the year that the determinations are made. In cases where World Bank data for the latest three-year period is missing for one or more years, the Secretariat will average the available data from the three-year period in question (e.g. two years). If there is no data for the three-year period, the Secretariat will apply the World Bank income classification for that country (noting the World Bank assigns a classification every year even in the absence of published data), unless its income classification has changed in recent years, in which case United Nations (UN) estimates of GNI per capita will be used to determine income classification.

criteria used to determine eligibility. Upper-middle income countries must meet additional disease burden criteria as described below.

7. All low and lower-middle<sup>6</sup> income countries are eligible to receive an allocation for HIV/AIDS, tuberculosis and malaria, regardless of disease burden.
8. Upper-middle income countries are eligible to receive an allocation if they meet the following additional requirements:
  - a. The country has at least a ‘high’ disease burden as defined by the criteria<sup>7</sup> below:

<b>HIV/AIDS</b>	<b>Tuberculosis</b>	<b>Malaria<sup>8</sup></b>
HIV national prevalence greater than or equal to ( $\geq$ ) 1%	TB incidence rate per 100,000 greater than or equal ( $\geq$ ) to 50	Mortality rate greater than or equal to ( $\geq$ ) 0.12
<b>OR</b>	<b>OR</b>	<b>OR</b>
Prevalence in a key population greater than or equal to ( $\geq$ ) 5% <sup>9</sup>	Proportion of new TB cases who are drug-resistant (resistance to rifampicin) greater than or equal ( $\geq$ ) to 5 percent.	Contribution to global deaths greater than or equal to ( $\geq$ ) 0.25%
		<b>OR</b>
		Mortality rate less than ( $<$ ) 0.12 AND Morbidity rate greater than ( $>$ ) 65
		<b>OR</b>
		Country with documented artemisinin resistance

**AND**

- b. For HIV/AIDS, the country is on the Organisation for Economic Co-operation and Development’s (OECD) Development Assistance Committee (DAC) List of Official Development Assistance (ODA) recipients.<sup>10</sup>

<sup>6</sup> In order to facilitate co-financing requirements as described in the Sustainability, Transition and Co-Financing Policy, lower-middle income countries shall be split into two income groups using the midpoint of the lower-middle income GNI per capita thresholds as the cut-off. Countries at the midpoint or below will be classified as ‘lower-lower-middle income countries’ and countries above the midpoint as ‘upper-lower-middle income countries’.

<sup>7</sup> Data sources for disease burden data: HIV/AIDS data will be officially requested from UNAIDS and WHO, and when assessing prevalence for specific key populations, the highest prevalence will be used. Tuberculosis and malaria data will be officially requested from WHO.

<sup>8</sup> In order to assess the potential transmission intensity in countries, the Secretariat will use data from 2000 as recommended and provided by WHO.

<sup>9</sup> In the event that there is no officially reported prevalence data for key populations or if the data is significantly different to the previous year’s data and this results in a change in eligibility, the Secretariat will seek clarification from UNAIDS to determine the disease burden data that should be used for assessing eligibility. If UNAIDS did not publish nationally reported data for certain countries because of concerns around data reliability, but is nevertheless able to share data from other sources, for example the Key Populations Atlas, with the Global Fund, this data will be used to determine eligibility.

<sup>10</sup> The OECD-DAC publishes a list of countries that are eligible to receive ODA. The list consists of all low and middle income countries based on GNI per capita as published by the World Bank, with the exception of G8 members, European Union members, and countries with a firm date for entry into the European Union. The list also includes all of the Least Developed Countries as defined by the UN (Source: OECD).

9. In addition to the above:
  - a. Upper-middle income countries classified by the International Development Association (IDA) as ‘Small Island Economy Exceptions’<sup>11</sup> are eligible for an allocation regardless of national disease burden.
  - b. Upper-middle income countries meeting the disease burden criteria in Paragraph 8a, but that are not on the OECD-DAC List of ODA recipients, may be eligible for an allocation for HIV/AIDS to directly finance non-governmental and civil society organizations<sup>12</sup>, if there are demonstrated barriers to providing funding for interventions for key populations, as supported by the country’s epidemiology. Eligibility for funding under this provision will be assessed by the Secretariat as part of the decision-making process for allocations.<sup>13</sup>
10. In line with the flexibilities outlined in the Challenging Operating Environments Policy, country disease components with existing grants that would otherwise be ineligible due to disease burden or income level may continue to be eligible as long as the country remains classified as a Challenging Operating Environment.<sup>14</sup>
11. Malaria Resurgence: In the event of an unusual increase in malaria cases in either (a) an upper-middle income country that is currently not eligible due to 2000 data or (b) a low, lower-middle, or upper-middle income country that has (i) been certified as malaria-free by WHO and is included in the official WHO register of areas where malaria elimination has been achieved; or (ii) is on the WHO ‘Supplementary List’ of countries that are malaria-free but not certified by WHO, WHO, in consultation with technical partners, will conduct a risk assessment in line with principles laid out in the WHO Emergency Response Framework. Based on the results of the risk assessment and the recommendation of technical partners, the Secretariat may recommend to the Board that a country be eligible to receive funding, subject to the availability of funds.
12. Applicants, regardless of income level or disease burden, are eligible to use allocation funds for resilient and sustainable systems for health (RSSH) in line with their country and epidemiological contexts.<sup>15</sup>
13. A multi-country applicant will be eligible for funding if the majority (i.e. at least 51 percent) of countries included are eligible for funding in their own right.<sup>16</sup>

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<sup>11</sup> IDA defines the ‘small island economy exception’ as small islands (i.e. with less than 1.5 million people, significant vulnerability due to size and geography, and very limited credit-worthiness and financing options) that have been granted exceptions in maintaining their IDA eligibility (Source: IDA/World Bank).

<sup>12</sup> Funding requests in this context must be submitted directly by a non-CCM applicant or other multi-stakeholder coordinating body and the government may not directly receive funding. Specific requirements, including but not limited to requirements related to the Sustainability, Transition and Co-financing Policy and funding request development, may also apply.

<sup>13</sup> As part of its assessment, the Secretariat, in consultation with UN and other partners as appropriate, will look at the overall human rights environment of the context with respect to key populations, and specifically whether there are laws or policies which influence practices and seriously limit and/or restrict the provision of evidence-informed interventions for such populations.

<sup>14</sup> Annex 1 of GF/B35/03.

<sup>15</sup> Applicants must also meet application focus requirements described in the Sustainability, Transition and Co-financing Policy as well as any other investment guidance provided by the Global Fund.

<sup>16</sup> Multi-country funding requests may either be funded by grouping single country allocations or may be funded through catalytic funding. For the purposes of determining whether or not a multi-country applicant meets the 51 percent criteria, country components that are receiving Transition Funding will be considered as ‘eligible’.



### **III. Ineligible countries/disease components**

14. High income countries and members of the OECD-DAC are not eligible to receive an allocation.
15. Countries are not eligible to receive an allocation for malaria if they: (i) have been certified as ‘malaria-free’ by the WHO and are included in the official register of areas where malaria elimination has been achieved; or (ii) are on the WHO ‘Supplementary List’ of countries that are malaria-free but not certified by WHO.
16. Upper-middle income countries that are members of the Group of 20 (G-20) who were ineligible before the approval of this policy are not eligible to receive an allocation, unless they meet the criteria under paragraph 9.b.

### **IV. Transition Funding Provisions**

17. Country disease components that become ineligible during an allocation period will remain eligible for the duration of that period, although the Secretariat may require specific time-bound actions in order to facilitate eventual transition from Global Fund financing in line with the Sustainability, Transition and Co-financing Policy.
18. In order to support transition from Global Fund financing, country disease components with existing grants that become ineligible may be eligible to receive up to one allocation of Transition Funding to support priority transition needs<sup>17</sup> following their change in eligibility, unless the reason for the change in eligibility is due to the country moving to High Income status or becoming a member of the OECD-DAC.<sup>18</sup>
19. The Secretariat will determine the appropriate period and amount of Transition Funding in line with the Sustainability, Transition and Co-financing Policy, taking into account the allocation methodology, country context and existing portfolio considerations.

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<sup>17</sup> In line with the requirements and principles outlined in the Sustainability, Transition and Co-Financing Policy, these needs should be included as part of a country-led transition work plan.

<sup>18</sup> The Secretariat may exceptionally request on a case-by-case basis that the Global Fund Board approve one additional allocation of Transition Funding in order to allow for the financing of critical transition activities that are essential to supporting transition from Global Fund financing. Any allocation of additional transition funding must also be accompanied by specific, clear domestic commitments in line with the principles of the Sustainability, Transition and Co-Financing Policy.

## Annex 2– Explanatory Note

### Explanatory Note –Revisions to the Eligibility Policy

- Given the structural revisions to the policy, a tracked-changes comparison against the current version has not been provided. The table below explains the movement of various provisions as well as any changes to the current policy. Minor changes to language for clarity are not highlighted.

Area	Current policy reference (if applicable)	Revised policy reference	Comments
Overview Statements	Paragraph 1-2	Paragraph 1-2	No substantive change.
Eligibility does not guarantee allocation	Paragraph 3	Paragraph 3 Paragraph 5	No substantive change.
Eligibility Determinations	Paragraph 4	Paragraph 4	No substantive change; further clarity provided to note that while eligibility is assessed yearly, allocations are made only every three years.
Income classification	Paragraph 5	Paragraph 6	No substantive change; revised to simplify language and include explanatory footnotes on the Atlas method (footnote 4) and how potential absence of data for three-year period in question is addressed (footnote 5).
Eligible country components	Paragraphs 5a-e	Paragraph 6 – previously paragraph 5	No substantive change; revised to clarify that economic capacity is first criteria assessed in eligibility, as low and lower-middle income are eligible regardless of burden.
		Paragraph 7 – previously 5a and 5b	No substantive change; revised for clarity.
		Paragraph 8 – previously 5d and Annex A.	Paragraph 8a: Integrates disease burden criteria for UMICs into main policy rather than in annex.  Disease burden criteria reflect revised metrics and thresholds for TB and malaria, HIV criteria remain the same.

			For HIV, footnote 9 has been added to clarify how to manage situations in which no official data is available. Annex 3 provides more detail on these recommended changes.
		Paragraph 8b	No substantive change; makes explicit that UMICs must be on the OECD DAC list of ODA recipients for HIV.
		Paragraph 9a -previously 5d	No substantive change; footnote 11 has been added to define Small Island Economies.
Exception to eligibility for UMICs not on the OECD DAC ODA List for HIV (‘Formerly ‘NGO Rule for HIV/AIDS’)	Paragraph 11	Paragraph 9b	Replaced “political barriers” with “barriers” and added footnote 13 to provide detail on how “barriers” are assessed.
Malaria resurgence	N/A	Paragraph 11	Provision added to address potential cases of malaria resurgence, based on technical partner input.
RSSH	Paragraph 9	Paragraph 12	No substantive change.
Multi-country requirements	Paragraph 10	Paragraph 13	No substantive change; footnote 16 added to identify potential sources of funds and clarify that country components receiving transition funding will be considered eligible for determining multi-country eligibility compliance.
Ineligible country components	Paragraph 8	Paragraph 15	Minor revisions to the language in line with recommendation by partners. Maintains current policy that WHO certified malaria-free countries and countries that are on WHO supplementary list who are malaria-free but not certified by WHO are ineligible. New reference to “countries included in official register of areas where malaria elimination has been achieved” to reflect current operationalization of policy.
	Paragraph 5f and g	Paragraph 14	No substantive change.
	Paragraph 5e	Paragraph 16	The G-20 rule has been removed; new provision added which excludes previously ineligible UMIC G-20 disease components from becoming newly eligible unless they meet the criteria under paragraph 9b.

Transition Funding Provisions	Paragraph 4b	Paragraph 17	<p>Maintains current policy that country disease components becoming ineligible during an allocation period will not lose their eligibility for that period, although specific time-bound actions may be required by the Secretariat.</p> <p>Removed the Secretariat “may adjust the level of funding” as in practice funding levels are not revised once an allocation is communicated. Funding levels may still be adjusted through the normal grant review and approval process.</p> <p>Removed paragraph 12 as an existing grant that arises from the “NGO Rule” as the transition funding provisions would also apply to these grants in the event they become ineligible.</p>
	Paragraph 12 - 13	Paragraph 18	<p>Maintains current policy of one period of transition funding for existing grants becoming ineligible, but removes the restriction that UMIC G-20 countries that become ineligible may not receive transition funding. Only countries moving to high income or becoming an OECD DAC member are not eligible for transition funding.</p> <p>Paragraph 12 of the current policy is removed and is covered under paragraph 18 of the revised policy.</p> <p>Footnote 18 has been added to note that the Secretariat may exceptionally seek on a case-by-case basis Board approval for an additional allocation of Transition Funding.</p>
	Paragraph 13	Paragraph 19	No substantive change.
	Paragraph 13 (last line)	Paragraph 10	No substantive change; removed from Transition Funding provision as COE flexibility extends beyond Transition Funding.

## Annex 3– Disease burden metrics

### Tuberculosis:

1. TB partners recommend the following new metrics and thresholds to be used to determine UMIC eligibility:

TB incidence rate per 100,000 greater than or equal to 50 OR  
 Proportion of new TB cases who are drug-resistant greater than or equal to 5 percent.

2. Rationale: Using incidence is a more accurate reflection of the true burden of TB in a country, whereas TB case notification only reflects patients diagnosed and reported by National TB Programs. Given that most countries have conducted prevalence surveys in the last years, more accurate incidence data is now available for the majority of countries. The use of proportion of drug resistance takes into consideration drug resistant TB which is a growing threat in many countries.
3. Outcome: The revised TB eligibility metrics may result in some previously ineligible countries becoming newly eligible; noting that eligibility does not guarantee an allocation. Based on the latest available data from the WHO Global TB Report, 2017 and using the latest available average of 3-year GNI 7 countries could be newly eligible for TB. Of the 7 countries, 4 of these are receiving Transition Funding for 2017-19 and 1 received Transition Funding for 2014-16.
4. Implications: Assuming no overall increase in Global Fund resources and applying the 2017-2019 allocation formula and using a \$10.3 billion replenishment scenario would result in approximately **\$14 million** (formula-derived amount) for these newly eligible UMIC components.

### Table 1: Potentially Newly Eligible Components for TB

Note: Analysis below uses the latest 3-year average of GNI and the latest TB Burden data from the 2017 World Tuberculosis Report. This does not mean these components will be eligible in 2020 as updated GNI and burden data will be used.

Estimates from the Global Tuberculosis Report, 2017

Country	Income category (3 yr average)	TB incidence per 100,000 (point estimate)	% of new TB cases tested positive for RR resistance	Comments
Dominican Republic	UMI	60	2.9	Receiving Transition Funding for 2017-19.
Ecuador	UMI	50	7.3	Currently ineligible due to lack of burden with current metric, last received funding under the Rounds-based system in Round 9.
Fiji	UMI	59	0	Received Transition Funding in 2014-16.
Iraq	UMI	43	6.1	Deemed eligible for 2017-19 allocation period in line with the flexibilities outlined in the COE

				Policy approved in 2016. Became ineligible due to moving to UMIC in 2013 but benefited from Transition Funding in 2014-16 allocation period.
<b>Panama</b>	UMI	55	2.9	Receiving Transition Funding for 2017-19.
<b>Suriname</b>	UMI	26	6.1	Receiving Transition Funding for 2017-19.
<b>Turkmenistan</b>	UMI	60	14	Receiving Transition Funding for 2017-19.

## Malaria

5. Malaria partners reviewed the current metrics and thresholds for UMICS and recommend the continued use of malaria burden data from 2000 as the basis for determining eligibility. For eligibility, they recommend minor revisions to the current metrics and thresholds:

Mortality rate greater than or equal to ( $\geq$ ) 0.12 OR

Contribution to global deaths greater than or equal to ( $\geq$ ) 0.25% OR

Mortality rate less than <0.12 AND Morbidity Rate greater than ( $>$ ) 65 OR

Country with documented artemisinin resistance

6. Rationale: The continued use of burden data from 2000, provided by WHO, is recommended as this allows the assessment of the potential transmission intensity in countries. The indicators and threshold remain largely the same as the current UMIC threshold for 'high'.
7. Outcome: The revised metrics and thresholds do not result in significant changes from the current metrics, however the use of 2000 burden data may result in changes as estimates are adjusted regularly to reflect new information and this may result in changes in eligibility. For example for 2018, there are two UMICS who met the burden metrics based on updated estimates.
8. Implications: Not applicable.

## Malaria resurgence

9. Partners noted that the malaria metrics and reliance on 2000 data may not be sensitive enough to address large malaria upsurges. However partners have indicated that it is not possible to set a malaria burden threshold to define the level at which a response to a resurgence in an ineligible country needs external financing, noting that these requirements will be country specific.
10. Malaria partners have recommended that they adopt the core principles from the WHO Emergency Response Framework (ERF) process to identify potential resurgences. These include:
  - a) The initial identification of an upsurge and request for a risk assessment can come from the affected countries and/or partners.

- b) WHO, in consultation with partners, will carry out a risk assessment of any identified malaria resurgences<sup>1</sup>. Resurgence, defined as an unusual increase in malaria burden, will be confirmed by WHO in collaboration with country malaria control programs, ministries of health, WHO countries and other partners as relevant.
  - c) The risk assessment/situation analysis of an identified resurgence will assess:
    - i. The impact of the resurgence, including the scale (e.g. number of people affected), the scope (size/geographical area covered), and the functionality of the health system.
    - ii. The capacity of the country to respond (in line with the principles described on page 24 of the ERF<sup>2</sup>).
    - iii. The availability of financial resources and/or potential of the country to raise additional resources, either domestic or international, to address the resurgence.
    - iv. Assessment tools will be tailored to the specific resurgence contexts, for example countries that have eliminated malaria as compared to ineligible UMICs.
11. As noted in the paper, WHO and partners will, based on the risk assessment, recommend either a country be recommended for crisis funding and/or for eligibility, if the resurgence lasts to the next funding cycle.
  12. Noting that the timing of such decisions make not always align in some instances crisis funding may need to be extended to coincide with the allocation timelines.
  13. Ineligible countries that will be considered for resurgence funding include all currently non-eligible countries – low, lower-middle and upper-middle – that experience an unusual increase in malaria cases, including those that have been certified as malaria-free by WHO and are included in the official register of areas where malaria elimination has been achieved or are on the Supplementary WHO list of countries that are malaria-free but not certified by WHO.

## HIV/AIDS

14. HIV partners recommend to maintain the current burden metric and thresholds for HIV for UMICs in light of no scientific recommendation to change. As a result the metrics and thresholds would continue to be:

HIV national prevalence of  $\geq 1$  percent OR  
 Prevalence in a key population of  $\geq 5$  percent

15. Rationale: The continued use of HIV prevalence, which measures all existing cases at a given moment in time for a specific population, for eligibility purposes is recommended, as information is widely available and regularly reported for almost all countries at the national level and many countries have prevalence data available for specific key populations. There was discussion around the potential use of HIV incidence, which measures new cases during a given period of time for a specific population, as an additional metric for eligibility. It was

<sup>1</sup> The responsiveness and completeness of the risk assessment will depend on resources available to WHO and partners to conduct such assessments.

<sup>2</sup> <http://apps.who.int/iris/bitstream/10665/258604/1/9789241512299-eng.pdf?ua=1>

noted that while this provides dynamic information on the number of new infections, and thus is more sensitive to epidemiological changes, it does not give a measure of current burden and thus the need for ART. In addition there are challenges with using the HIV incidence metric, as very few countries have the data required to accurately report incidence.

16. Outcome: No change. Countries may become newly eligible if new or revised disease burden data becomes available as with current policy.
17. Implications: Not applicable.



## Annex 4 – Summary of Committee Input

*Links to the Chair and Vice Chair Summary Notes are provided below:*

*20-22 March 2017, Pages 8-9:*

<https://tgf.sharepoint.com/sites/ESOBAA1/GFBC/StrategyCommitteeSC/SC%20Meetings/3rd%20SC%20Meeting%2020-22%20March%202017/GF%20SC03%2018%20Chair%20and%20Vice-Chair's%20Summary%20Notes.pdf>

*20-22 June 2017, Pages 12-15*

<https://tgf.sharepoint.com/sites/ESOBAA1/GFBC/StrategyCommitteeSC/SC%20Meetings/4th%20SC%20Meeting%2021-23%20June%202017/GF%20SC04%2012%20Chair's%20Summary%20Notes%20-%20Final.pdf>

*11-13 October 2017, Pages 13-16*

<https://tgf.sharepoint.com/sites/ESOBAA1/GFBC/StrategyCommitteeSC/SC%20Meetings/5th%20SC%20Meeting%2011-13%20October%202017/GF%20SC05%2020%20Chair's%20Summary%20Notes.pdf>

*Summary from the 30 and 31st January 2018 calls can be found here :*

<https://tgf.sharepoint.com/sites/ESOBAA1/GFBC/StrategyCommitteeSC/Forms/AllItems.aspx?RootFolder=%2Fsites%2FESOBAA1%2FGFBC%2FStrategyCommitteeSC%2FSC%20Meetings%2F6th%20SC%20Meeting%2020%2D22%20March%202018%2FPreviously%20shared%20materials%20and%20Input%20on%20Eligibility%2FDocuments%20from%20Interim%20Calls%2F30%2031%20January%202018%20Call&FolderCTID=0x012000C1C929A46EAAD44FA51FF0F17C676050049ED0198D08FB441A942B307F079AED4&View=%7Bo6DD2FDB%2D0036%2D4186%2D922D%2D526A799041CC%7D>

## Annex 5 – Relevant Past Board Decisions

Relevant past Decision Point	Summary and Impact
<p><b>GF/B35/DPO9: Challenging Operating Environments Policy (April 2016)<sup>1</sup></b></p>	<p>Approved the Challenging Operating Environments (“COE”) Policy, which aims to systematize the Global Fund’s approach in COEs and to provide overall guidance on future Global Fund engagement in these contexts. The COE Policy provides that country components with existing grants that would otherwise be ineligible to receive an allocation and apply for funding under the Eligibility Policy due to either disease burden or income level, will be eligible to continue to receive an allocation as long as their country remains classified as a COE. The COE Policy also provides that eligibility thresholds for regional and multi-country applications, as set forth in the Eligibility Policy, may also be relaxed to ensure financing of critical activities in COEs.</p>
<p><b>GF/B35/DPO8 Sustainability, Transition and Co-financing Policy (April 2016)<sup>2</sup></b></p>	<p>Approved the Sustainability, Transition and Co-Financing Policy, which outlines the high level principles for engaging with countries on long term sustainability of Global Fund supported programs, as well as a framework for ensuring successful transitions from Global Fund financing.</p>
<p><b>GF/B35/DPO7: Revised Eligibility Policy (April 2016)<sup>3</sup></b></p>	<p>Approved a revised standalone Eligibility Policy that only stipulates the criteria that will be used to determine eligibility for country disease components. The revised Eligibility Policy included minimal changes to update and clarify language and incorporated the use of a 3-year average of latest GNI per capita to determine income level for Global Fund eligibility purposes. The revision also incorporated flexibilities for eligibility for Challenging Operating Environments (COEs) in line with the Board approved policy (GF/B35/03) and made amendments to Transition Funding to allow almost all existing grants to be eligible for Transition Funding upon becoming ineligible. If the Board approves the decision point presented above, the revised Eligibility Policy set forth in this paper will supersede the eligibility policy contained in the “Eligibility and Counterpart Financing Policy”.</p>

<sup>1</sup> <https://www.theglobalfund.org/board-decisions/b35-dp09/>

<sup>2</sup> <https://www.theglobalfund.org/board-decisions/b35-dp08/>

<sup>3</sup> <https://www.theglobalfund.org/board-decisions/b35-dp07/>

## Annex 6 – Relevant Past Documents & Reference Materials

*All the materials that have been shared from the March 2017, June 2017 and October 2017 in-person Committee meetings and the three calls (August 2017, December 2017 and January 2017), as well as written constituency input is available in OBA Portal under the 6<sup>th</sup> SC Meeting Folder under the name: Previously shared materials and Input on Eligibility at the following link:*

<https://tgf.sharepoint.com/sites/ESOBAA1/GFBC/StrategyCommitteeSC/Forms/AllItems.aspx?RootFolder=%2Fsites%2FESOBAA1%2FGFBC%2FStrategyCommitteeSC%2FSC%20Meetings%2F6th%20SC%20Meeting%2020%2D22%20March%202018%2FPreviously%20shared%20materials%20and%20Input%20on%20Eligibility&FolderCTID=0x012000C1C929A46EAA44FA511FF0F17C676050049ED0198D08FB441A942B307F079AED4&View=%7B06DD2FDB%2D0036%2D4186%2D922D%2D526A799041CC%7D>

Documents from the 6<sup>th</sup> Strategy Committee meeting:

<https://tgf.sharepoint.com/sites/ESOBAA1/GFBC/StrategyCommitteeSC/Forms/AllItems.aspx?RootFolder=%2Fsites%2FESOBAA1%2FGFBC%2FStrategyCommitteeSC%2FSC%20Meetings%2F6th%20SC%20Meeting%2020-22%20March%202018%2F6th%20Meeting%20Pre-Reads&FolderCTID=0x012000C1C929A46EAA44FA511FF0F17C676050049ED0198D08FB441A942B307F079AED4&View=%7B06DD2FDB-0036-4186-922D-526A799041CC%7D>

Current Eligibility Policy, approved in April 2016:

[https://www.theglobalfund.org/media/4227/bm35\\_06-eligibility\\_policy\\_en.pdf](https://www.theglobalfund.org/media/4227/bm35_06-eligibility_policy_en.pdf)

2013 Revision to Eligibility

[https://www.theglobalfund.org/media/4087/bm30\\_06-nfm-ecfp\\_report\\_en.pdf](https://www.theglobalfund.org/media/4087/bm30_06-nfm-ecfp_report_en.pdf)