38th Board Meeting

Board Update on Eligibility Policy Revisions

GF/B38/20

Geneva, Switzerland
14-15 November 2017

The Global Fund

Executive Summary (1/2)

- Strategy Committee (SC) began review of eligibility in March 2017 and will recommend revised policy to the Board at its March 2018 meeting
- Purpose of Review: confirm rigor and appropriateness of the determinants of eligibility; separately consider best way to address responsiveness to emerging health threats.

Conclusions to date:

Economic Capacity:

- Maintain use of GNI per capita (while continuing to use additional economic metrics in the context of sustainability, transition and co-financing efforts)
- Upper-middle income countries (UMIC) must meet disease specific burden metrics to be eligible (status quo)

Burden metrics:

- Recommendation to maintain current metrics for HIV and malaria and revise TB metric (notification rate to incidence)
- For malaria consider inclusion of new metric to address malaria resurgence

Executive Summary (2/2)

Conclusions (continued):

Burden thresholds

- Simplification of burden thresholds in all 3 diseases from 5 to 2 (i.e. eligible/ineligible)
- All low and lower-middle income eligible regardless of burden (status quo)

UMIC exceptions

- Agreement on possible scenarios for OECD DAC rule, NGO Rule for HIV/AIDS and G-20 rule
- Agreement on maintaining Small Island Economy Exception

Transition funding

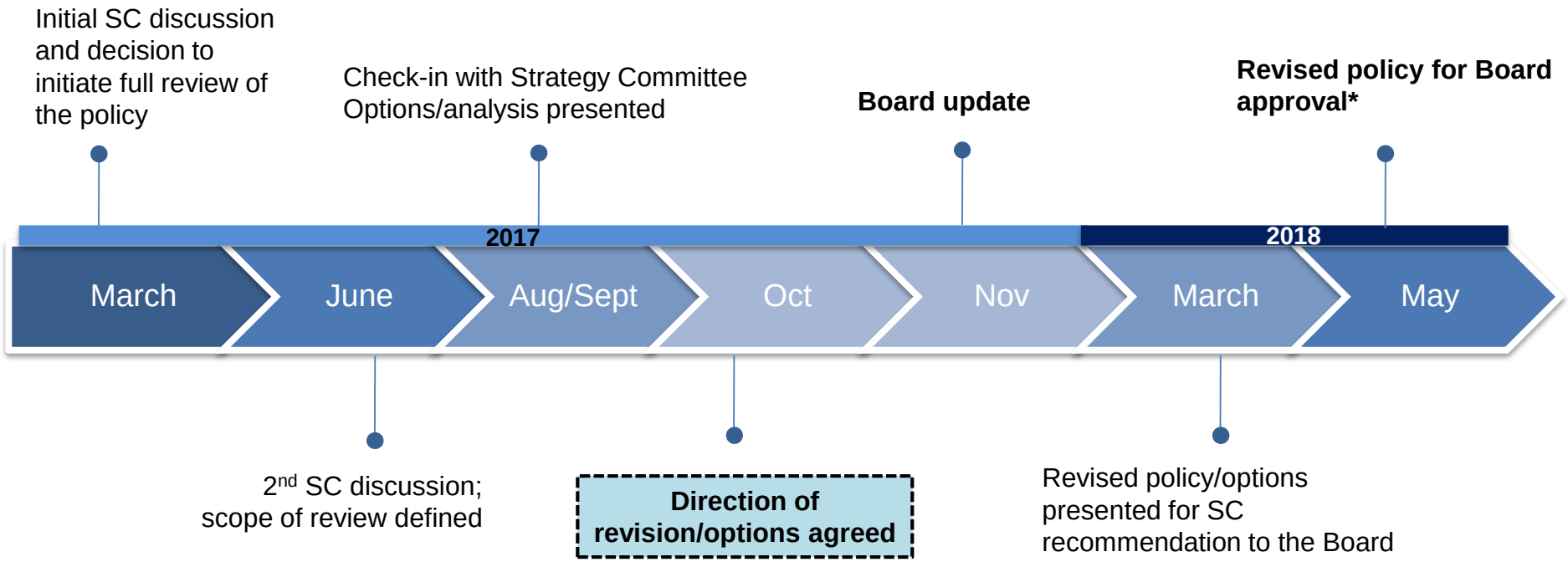
- Under discussion whether or not one allocation is sufficient

Emergency funding for ineligible countries to be addressed outside Eligibility Policy

Overview

- **Framework document:** Global Fund eligibility should take into account a number of factors (disease burden, political commitment, involvement of an inclusive CCM and economic capacity of a country).
- Last major policy revision: 2011
- Current policy approved in April 2016:
  - Incorporated a 3-year average of GNI to determine income classification
  - Codified must be eligible for 2 consecutive years
  - Removed barriers to using allocation for RSSH
  - Allows for transition funding for existing components that become ineligible (exceptions apply)
  - Moved co-financing and application focus requirements to Sustainability, Transition and Co-financing (STC) policy

Timeline for review



* Decision in May 2018 needed for decision-making timeline on 2020-2022 allocation methodology and implementation of future grants.

2002-2003

- OECD DAC Members not eligible
- HI countries not eligible
- Economic capacity and disease burden criteria
- Inclusion of “high disease burden” for UMIC eligibility

2006

- Small Island Economy exception (2006)
- UMIC HIV eligibility expanded to high prevalence in a vulnerable population
- UMIC HIV : OECD DAC List Requirement

2007

- 1st consolidated eligibility and cost-sharing policy approved
- Inclusion of ‘grace-period’
- Interventions must be for ‘poor and vulnerable populations’ for UMICs
- Majority rule for regional/MC

2009-2011

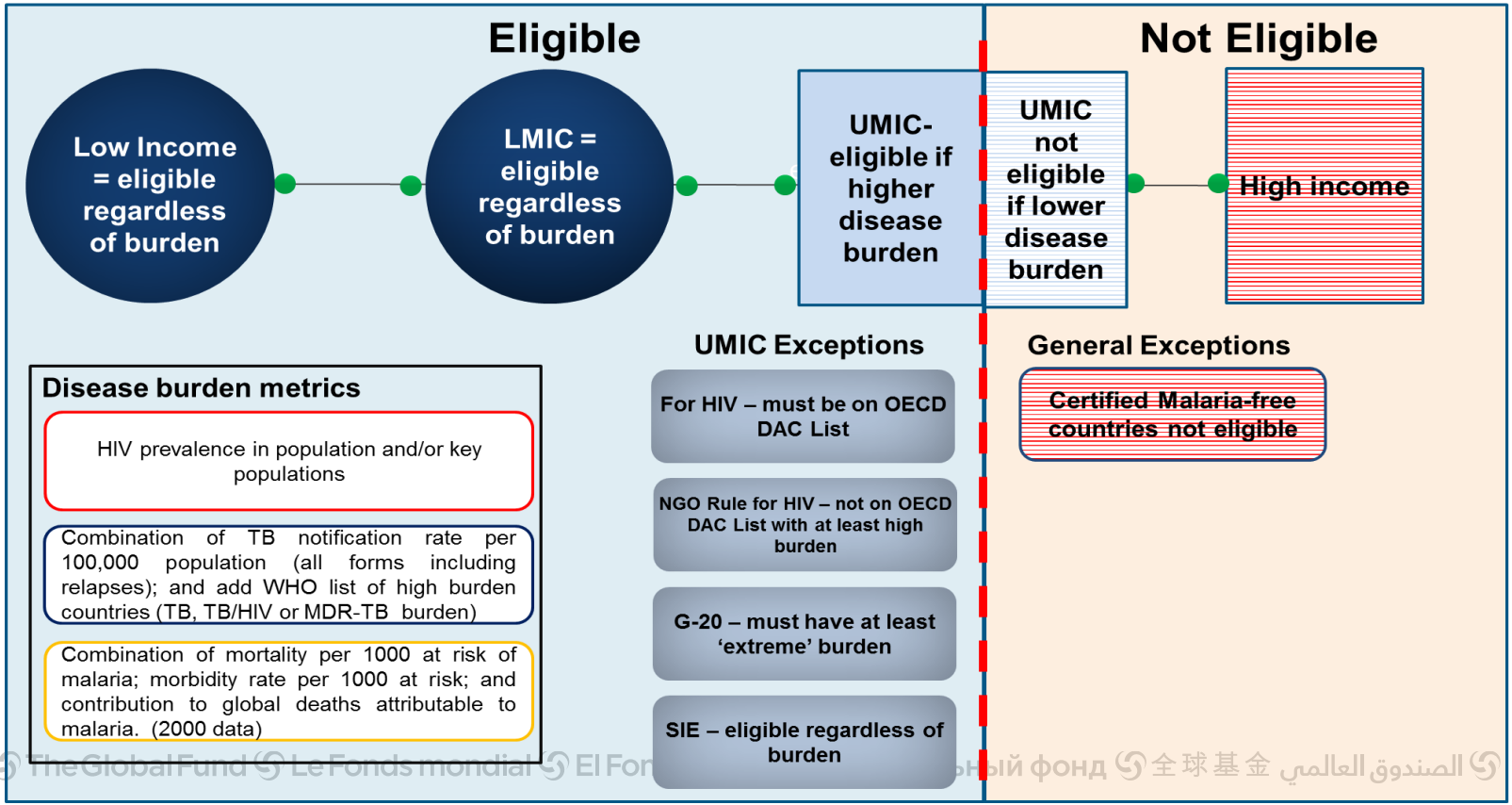
- Revised eligibility and cost-sharing policy approved (2011)
- Current disease burden indicators and thresholds
- Inclusion of NGO Rule for HIV for non-OECD DAC UMICs
- G-20 UMICs <extreme disease burden no longer eligible; except NGO Rule
- ‘grace-period’ rescinded

2012-2016

- Policy revised to align NFM
- Malaria-free countries ineligible
- Transition funding for newly ineligible 2 consecutive determinations to be newly eligible
- 3yr average GNI for income classification
- Co-financing and focus requirements moved to STC Policy

Evolution of Global Fund Eligibility Policy

Current Eligibility Policy



Eligibility Policy

What it does and what it does not do

- Determines which country disease components are eligible to receive an allocation.
- Allows for one additional allocation for up to 3 years (Transition Funding), once a country component becomes ineligible (exceptions apply).
- Describes eligibility requirements for multi-country grants

- Determine how much an eligible component receives as an allocation
- Determine catalytic investments or priorities
- Determine which country contexts are Challenging Operating Environments (COEs)
- Determine co-financing or application focus requirements
- Provide normative guidance on sustainability and transition planning
- Determine how we operationalize grants

Summary of Strategy Committee Conclusions to date

Detailed analysis is available in full slide decks from Strategy Committee meetings on the OBA Portal: LINK

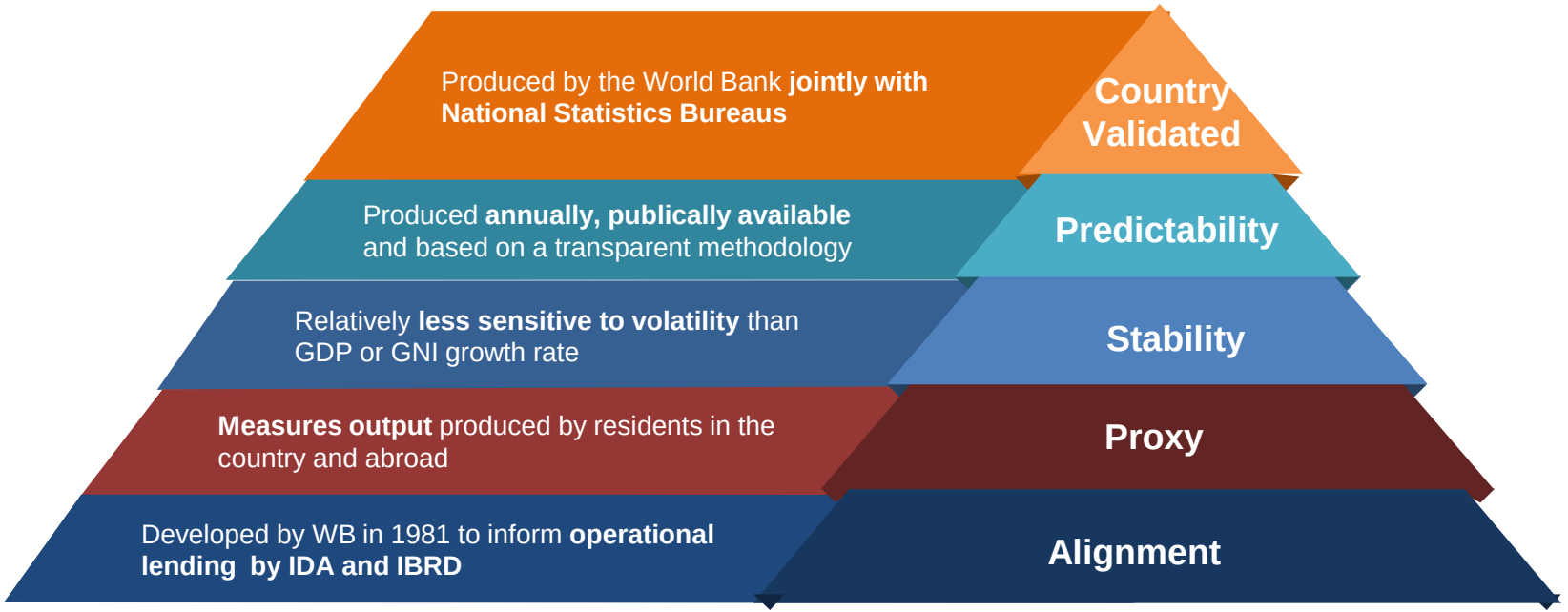
Economic Capacity

Strategy Committee confirmed the continued use of GNI per capita (3-year average) as a measure for economic capacity.

- Despite noted limitations, GNI per capita remains best available measure to quantify average economic capacity in a country.
- The Global Fund uses latest 3-year average of GNI per capita to determine income level to mitigate the effect of major changes in GNI from one year to the next.
- The use of the World Bank (WB) thresholds allows for consistency. Inclusion of additional metrics would require clear articulation of what we would be trying to achieve with adding another metric (noting that with additional metrics, the WB thresholds would not apply).

Economic Capacity

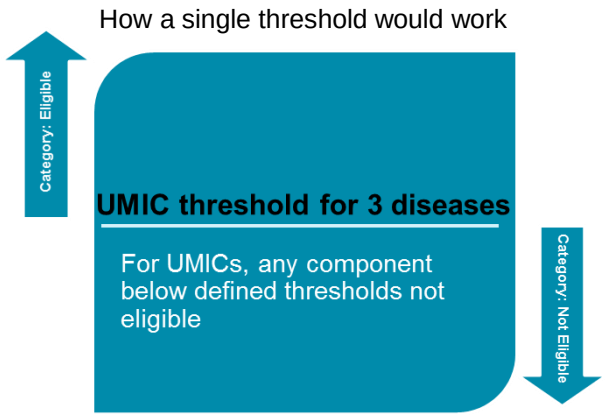
Capturing economic capacity using GNI per capita: Why GNI?



Simplification of disease burden categories

SC agreement to simplify disease burden categories.

- Current disease burden eligibility categories (extreme, severe, high, moderate and low) are not used by partners and only two are used by GF (high and extreme) for UMIC eligibility.
- Simplified categories based on a single threshold for UMICs makes sense and would be easier to communicate.
- As an input into the Strategy Committee's deliberation, partners are reviewing UMIC thresholds for the 3 diseases and will be making recommendations to the SC.



Disease Burden threshold for Eligibility

SC confirmed:

1. Low-Income, Lower-middle income countries to be eligible irrespective of disease burden, across the three diseases;
2. Maintain burden threshold for UMICs

- Adding a burden metric to lower income countries could make some countries with a lower prevalence or morbidity/mortality ineligible even though total burden may be high based on country populations size (e.g. may make countries ineligible with modest HIV prevalence but a large population of HIV positive persons).
- There number of challenging operating and capacity constrained environments within the low and lower-middle income group with high needs for donor support for health.
- Allocation methodology takes into account burden and therefore total funding needs.

Disease burden metrics

SC endorsed Technical Partner recommendations which will be further refined.

HIV

- Prevalence is the best available metric for eligibility, it captures the disease burden a country must respond to.
- Recommended to maintain current UMIC threshold of > 1% of Adult Prevalence or >5% for Key Populations

TB

- Agreement to move from TB notification rate to TB incidence rate.
- Potential UMIC thresholds under discussion are:

  TB incidence >= 50 or 100 per 100,000
  OR
  Proportion of new TB cases who are Drug Resistant-TB >=5%

Malaria

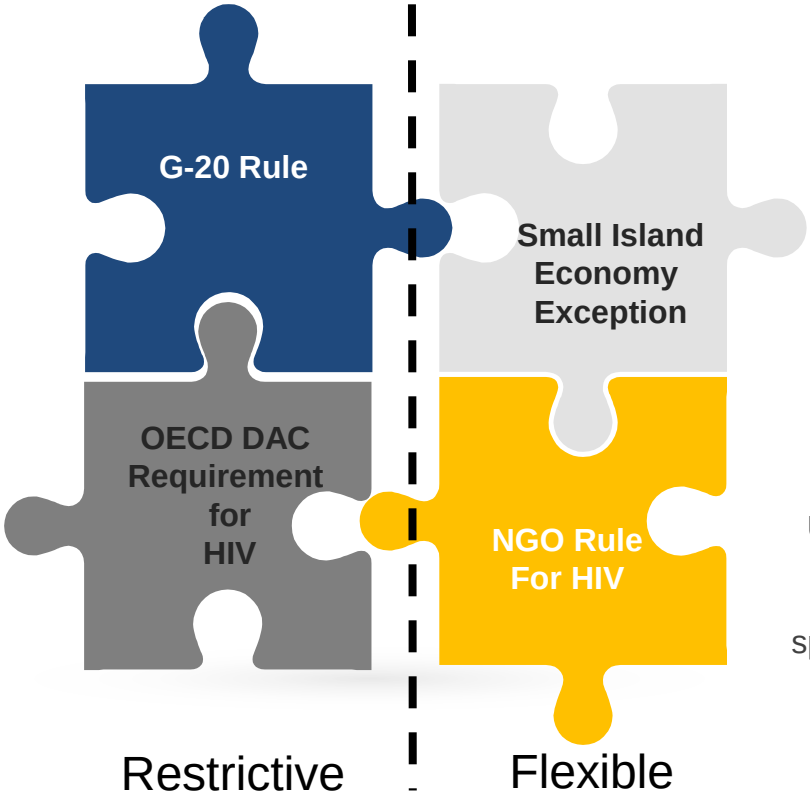
- Agreement that 2000 data still the best for eligibility
- Agreement on UMIC threshold:

  ≥0.12 OR Contribution to global deaths≥0.25% OR 0 <Mortality <0.12 AND Morbidity >65
- On-going discussions around metric for resurgence

Upper-Middle Income Exceptions: Current Policy

What: Restricts G-20 UMICs requiring 'extreme' burden'

What: Restricts HIV eligibility for UMICs not on the OECD-DAC list of Recipients

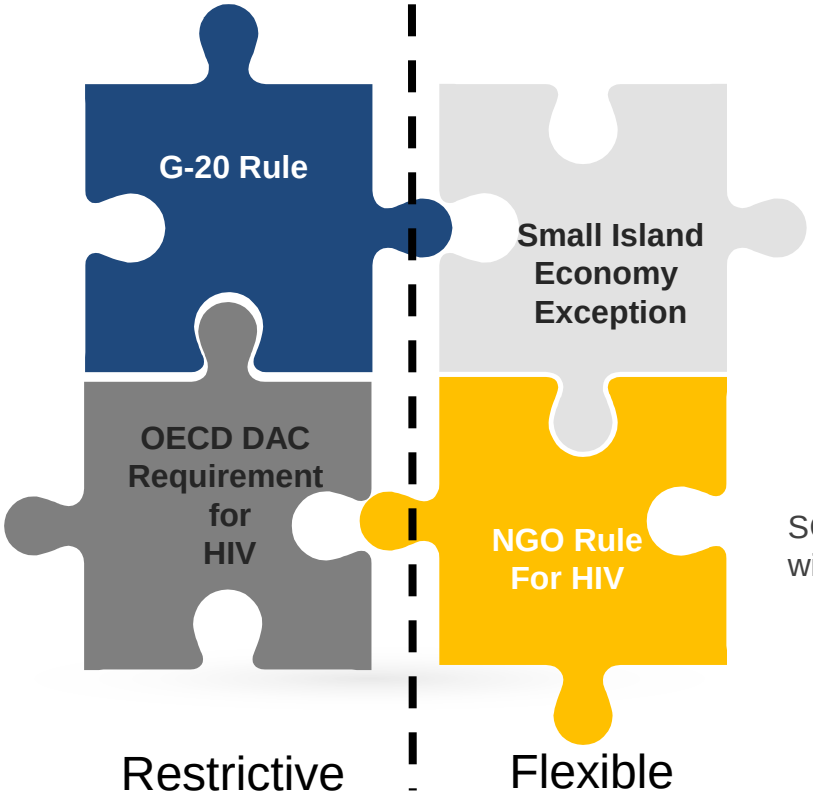


What: Opens eligibility for UMICs designated as small island economies by IDA.

What: Allows for those UMICs not on the OECD-DAC list to be eligible for financing of NGOs under specific circumstances (e.g. political barriers to services.)

Upper-Middle Income Exceptions: Strategy Committee Conclusions

SC conclusion:
Need to consider options:
1) Remove but not allow for new G-20 countries to become eligible;
2) Maintain but allow for transition funding.



SC conclusion:
Maintain current rule

SC conclusion:
Overall agreement to maintain and consider expansion to TB and Malaria

SC conclusion:
SC to review in conjunction with OECD-DAC requirement

Transition Funding

SC still reviewing whether one allocation of transition funding once country component becomes ineligible is sufficient and/or whether or not a framework for exceptions is needed.

- Secretariat remains committed to seeking exceptions for additional transition funding in the event that one allocation period is not sufficient.
- SC discussed potential guidelines that define general triggers for when exceptions should be requested, while recognizing the limits of this approach and widely varying country contexts.
- Only 2 components received Transition Funding in 2014-2016 and one continued to be eligible in 2017-19 due to COE Policy.
- 12 components received $34 million in Transition Funding in 2017-19.

Addressing emerging health threats

SC confirmed that issue of exceptional emergency funding for ineligible components is best addressed outside the eligibility policy. SC has created a sub-working group to look at this issue.

- Currently the Secretariat **can seek exceptions to the Board** on a case by case situation.
- The list of eligible countries is produced yearly, but is **primarily used as the basis of the allocation every 3 years**. Allocations are not given mid-cycle, and no funding is set aside to address health crises in ineligible countries.
- The **Emergency Fund set-aside of US$20 million** for 2017-2019 available **to eligible countries** has clearly defined requirements (e.g. must be a country must be facing **a Level 2 or 3 emergency**, as classified by the Inter-Agency Standing Committee (IASC) or a WHO classified Grade 2 or 3 emergency).
- **An eligible country** with an existing program that faces an unexpected health crisis can request funds from the Emergency Fund if they meet the criteria and/or update their Prioritized Above Allocation Request (PAAR) for UQD and Portfolio Optimization.
- **Any decision to fund ineligible components would require a Board decision and identification of sources of funds.**

BACK UP

Summary of progress: