

Subject: **2020-2022 ALLOCATION LETTER<sup>1</sup>**

Geneva, 12 December 2019

Your Excellency Minister Tikaradze,

For the past 17 years the Global Fund has worked with partners around the world to fight AIDS, tuberculosis and malaria and strengthen health systems. Together, we can recognize and applaud the massive progress made, and we can share collective determination to accelerate efforts to end these epidemics and ensure better health and wellbeing for all by 2030. We know it is within reach, but with 11 years left, we have no time to waste. We must step up the fight, through increased innovation and collaboration and improved execution to address some of the major challenges.

It is essential that we focus on reducing incidence and scaling-up effective prevention efforts, invest in strengthening both health and community systems, prioritize our investments with key and vulnerable populations, and ensure we tackle human rights-related barriers to health and gender inequalities. We also need to ensure sustainability of the success we achieve, including working together to mobilize increased national resources for health. The Technical Review Panel (TRP) that assesses funding requests to the Global Fund has underlined these areas in depth in its Observations Report<sup>2</sup> and these focus areas are consistent with updated Global Fund guidance, available in Information Notes and Technical Briefs<sup>3</sup>. We encourage you and all those involved in the preparation of the funding request to read these carefully.

### Georgia allocation

Based on the Global Fund Board's decision in November 2019 on the funding available for the 2020-2022 allocation period, **Georgia has been allocated US\$17,556,486 for HIV, tuberculosis and building resilient and sustainable systems for health (RSSH)**. The allocation amounts for all countries have been determined according to a methodology approved by the Global Fund Board, primarily based on disease burden and income level. Georgia is classified as an upper lower-middle-income country<sup>4</sup>.

**Table 1: Summary of allocation**

Eligible disease component	Allocation (US\$)	Allocation Utilization Period
HIV	12,076,771	1 July 2022 to 31 December 2025
Tuberculosis	5,479,715	1 January 2023 to 31 December 2025
<b>Total</b>	<b>17,556,486</b>	

**Application approach.** Georgia is requested to submit its application for funding using the Tailored for Focused Portfolios funding request. A complete set of application materials will be shared by the Global Fund country team. All funding requests are required to be developed through inclusive

<sup>1</sup> This letter includes annexes and links, which should be read together and in-full.

<sup>2</sup> <https://www.theglobalfund.org/en/technical-review-panel/reports/>

<sup>3</sup> <https://www.theglobalfund.org/en/funding-model/applying/resources/>. Each of the four Core Information Notes include a short executive summary.

<sup>4</sup> Determined from gross national income (GNI) per capita using the World Bank income group thresholds for 2019.

and transparent country dialogue with a broad range of stakeholders, including key and vulnerable populations.

**Timing.** The allocation agreed for each disease component can be used during the relevant allocation utilization period indicated in Table 1 (above). Any remaining funds from a previous allocation, unused by the start of the indicated allocation utilization period, will not be additional to the allocation amount<sup>5</sup>.

The Global Fund requests that Georgia submits a joint funding request and strongly encourages Georgia to plan for integrated grant programming, with aligned implementation periods. To facilitate this change, the allocation amount has been adjusted to allow for the extension of the allocation utilization period for the HIV component beyond the standard three-year period. Should Georgia opt not to align implementation periods, the allocation utilization period will become the standard three-year period and the allocation amount for the HIV component will be reduced accordingly.

**Implementation.** The Global Fund recognizes the value of efficient implementation and encourages all countries to explore opportunities to streamline and consolidate implementation arrangements for the coming allocation period. Specifically, the Global Fund strongly encourages Georgia to consolidate both tuberculosis and HIV programs under one Principal Recipient.

**Program split.** The Global Fund has proposed an indicative split of funds across eligible disease components in Table 1 (above). However, the Country Coordinating Mechanism (CCM) has the responsibility to assess and propose the best use of funds across these disease components and related investments in the health system. Applicants can choose to accept the Global Fund split or propose a revised one based on a data-based analysis of programmatic gaps and in consideration of the funding needed to maintain essential programming. The Global Fund will carefully review the justification for any program split change.

**Aims of allocation.** The funding request submitted to the Global Fund should be aligned with prioritized country needs and guided by relevant National Strategic Plans and program reviews. In addition, the Global Fund would like to take this opportunity to share the following for your consideration during the development of the funding request:

- The HIV allocation for Georgia has been adjusted upwards (from the allocation formula amount that primarily considers disease burden and income level), to better account for key and vulnerable population burden and need. The Global Fund expects funds to be directed towards evidence-based programs for key and vulnerable populations, as per technical partner guidance, and aligned with the epidemiological context in Georgia.
- The Global Fund encourages the accelerated transition to all-oral treatment regimens for drug-resistant tuberculosis as recommended by World Health Organization.

**Importance of investments in health and community systems.** The Global Fund encourages applicants to invest in strengthening health and community systems as these are essential to accelerate progress towards ending the epidemics. The Global Fund welcomes (i) initiatives to introduce and strengthen integrated care from a patient perspective (including addressing co-infections or providing coherent care packages such as integrated ante-natal services), as well as (ii) investments in underlying system capacities necessary to achieve impact and sustainability (including labs, supply chains, data systems, community-based monitoring, community mobilization, advocacy and organizational development, and human resources for health at the community and facility level). To achieve greater value for money and effectiveness, the Global Fund encourages applicants to explore opportunities for integration across the two diseases and

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<sup>5</sup> Any extension of an existing grant will be deducted from the subsequent allocation utilization period, both in terms of time and funds used during the extension period.

within broader systems for health wherever possible. Tracking improvements in results requires robust measurement and the Global Fund anticipates that applicants will invest appropriately to strengthen data collection and use. More guidance is available in the RSSH Information Note and Community Systems Strengthening technical brief on the Global Fund website<sup>6</sup>.

**Importance of investments in human rights and gender.** Removing human rights and gender-related barriers in access to services is critical to ending the epidemics. When unaddressed these barriers undermine effective and impactful responses and limit sustainable progress. Detailed guidance on effective investments in programs and approaches that address human rights and gender-related barriers, including key interventions for incorporation into funding requests, can be found in the technical briefs on the Global Fund website<sup>7</sup>.

**Importance of increasing domestic resources.** Increasing domestic resources for health, and specifically for HIV and tuberculosis, is essential to end the epidemics and strengthen the health systems that are the foundation of the disease response. This is particularly important for Georgia given the reduction in the Global Fund allocation funding for tuberculosis and potential for future reductions. Accessing the 2020-2022 allocation is dependent on meeting the Global Fund's co-financing requirements. All countries are expected to (i) progressively increase overall health spending in accordance with recognized international declarations and national strategies and (ii) progressively take on key program costs, including those currently financed by the Global Fund. In addition, 15% of Georgia's allocation is a co-financing incentive, accessible only when Georgia makes and realizes additional domestic commitments targeted as per the requirements of the Sustainability, Transition, and Co-Financing (STC) policy<sup>8</sup>. Further details about co-financing requirements and the co-financing incentive are included in Annex A.

#### **Opportunities for funding beyond the allocation amount**

**Unfunded quality demand.** The Global Fund requests that all applicants develop a Prioritized Above Allocation Request (PAAR) and submit this along with the allocation funding request. Interventions from the PAAR that the TRP considers quality demand will be listed on the Register of Unfunded Quality Demand (UQD). In the 2017-2019 allocation period, over US\$1.2 billion of unfunded quality demand was funded, through savings and efficiencies identified in grant-making and/or implementation, portfolio optimization, private sector investments and Debt2Health debt swaps. Submitting a robust PAAR is an essential step to accessing funding beyond the allocation amount.

I thank you for your efforts in the global fight against HIV and tuberculosis.

Sincerely,



Mark Eldon-Edington  
Division Head, Grant Management

<sup>6</sup> <https://www.theglobalfund.org/en/funding-model/applying/resources/>

<sup>7</sup> <https://www.theglobalfund.org/en/funding-model/applying/resources/>

<sup>8</sup> [https://www.theglobalfund.org/media/4221/bm35\\_04-sustainabilitytransitionandcofinancing\\_policy\\_en.pdf](https://www.theglobalfund.org/media/4221/bm35_04-sustainabilitytransitionandcofinancing_policy_en.pdf)

## Annex A: Supplementary information for Georgia

**Currency.** The allocation for Georgia is denominated in US dollar. If you would like to change currency to better match your country's financial and monetary context, notify your Fund Portfolio Manager by 15 February 2020. The Global Fund allocations can only be denominated in US dollar or euro.

**Value for money procurement.** To maximize the impact of allocations, the Global Fund will not finance commodities purchased at a price higher than the reference price for such commodities, where one exists. Please consult the Global Fund website for a consolidated reference price list<sup>9</sup>. The reference price is set based on the globally negotiated price for specific health and non-health products either via the Pooled Procurement Mechanism (e.g. through wambo.org) or through partner platforms such as Stop TB Partnership's Global Drug Facility. If the outcomes of a procurement process for products meeting the relevant clinical and quality standards result in selecting a supplier of commodities with a price higher than the relevant reference price – taking the Total Cost of Ownership into consideration– national or other resources must be used to pay the difference. Refer to the Budgeting Guidelines<sup>10</sup> for more details.

### Strengthening sustainability and impact of investments

To strengthen the overall impact and sustainability of the Global Fund investments, the Global Fund has two different requirements. “Application focus requirements” outline how countries should invest the Global Fund financing and “co-financing requirements” outline how countries should invest domestic commitments made in the context of the Global Fund grants. These requirements differ based on a country's income classification.

#### **Application focus requirements: 50%**

As Georgia is classified as an upper lower-middle-income country, at least 50% of allocation funding should be for disease-specific interventions for key and vulnerable populations and/or highest impact interventions within a defined epidemiological context. Requests for RSSH must be primarily focused on improving overall program outcomes for key and vulnerable populations in the two diseases and should be targeted to support scale-up, efficiency and alignment of interventions. Applications must include, as appropriate, interventions that respond to human rights and gender-related barriers, inequities and vulnerabilities in access to services.

#### **Co-financing incentive requirements for the 2020-2022 allocation:**

Total amount of 2020-2022 allocation subject to additional co-financing investments in disease programs and/or RSSH as described below (15% of 2020-2022 allocation): US\$2,633,473.

Minimum amount of additional co-financing investments for Georgia to access full co-financing incentive: US\$2,633,473. The minimum amount of additional domestic commitments must be in addition to the domestic investments made during the implementation period of the previous allocation cycle<sup>11</sup>.

As Georgia is classified as an upper lower-middle-income country, at least 75% of additional co-financing contributions must be invested in disease program interventions.

Commitments to access the co-financing incentive should specify specific activities to be financed and how realization of commitments will be verified and reported to the Global Fund. Georgia should

<sup>9</sup> <https://www.theglobalfund.org/en/sourcing-management/health-products/>

<sup>10</sup> <https://www.theglobalfund.org/en/documents-by-type/implementers/>

<sup>11</sup> Commitments of additional co-financing investments must be made to the relevant disease programs and/or related RSSH over the implementation period of the grant, as per the requirements in the STC policy.

provide confirmation of co-financing commitments and evidence of realization of those commitments from appropriate government authorities, including the Ministry of Finance of Georgia or other relevant bodies.

The Global Fund commends the Government of Georgia for ensuring universal equitable access to preventive and curative care. The strong political and financial commitment to tuberculosis and HIV programs is evident in increasing domestic financial allocations, improved prioritization of interventions and services optimization. The Global Fund looks forward to the continued domestic uptake of HIV prevention services and the strengthened people-centered tuberculosis care as an outcome of the ongoing tuberculosis reform.

**Previous co-financing and domestic commitments for the 2017-2019 allocation:**

Failure to realize previous co-financing commitments from the 2017-2019 allocation may result in the Global Fund reducing funds from existing grants and/or reducing the 2020-2022 allocation. Georgia should submit evidence of the realization of previous commitments when submitting the funding request.

**Table 2: Georgia overall domestic co-financing commitments made for 2017-2019 allocation**

Program	Currency	2018	2019	2020	2021	2022
HIV	US\$	13.6 M	15.9 M	17.0 M	21.4 M	22.6 M
Tuberculosis		5.4 M	6.2 M	7.3 M	7.8 M	8.1 M
<b>Total Government Contribution</b>		19.0 M	22.1 M	24.3 M	29.2 M	30.7 M

Source: Funding Request and background documents submitted via access to funding process (grant-making) for the 2017-2019 Allocation