The Global Fund

The Global Fund to Fight
AIDS, Tuberculosis and Malaria

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Subject: 2017-2019 **ALLOCATION LETTER**[1]

Geneva, 15 December 2016

Your Excellency,

The Global Fund has been implementing an allocation-based funding model since 2014[2]. The purpose of this letter is to provide you with information on your country's allocation for the 2017 - 2019 allocation period and guidance on how to access these funds.

Sao Tome and Principe allocation
Based on the Global Fund Board's decision in November 2016 on the allocation of resources for the 2017-2019 allocation period, **Sao Tome and Principe has been allocated €5,088,913 for HIV, TB, Malaria and building resilient and sustainable systems for health**. The allocation amounts for all countries have been determined primarily based on disease burden and income level[3]. Sao Tome and Principe is classified as a lower lower-middle-income country.

Table 1: Summary of allocation with indicative program split

Eligible disease component	Allocation €	Allocation Utilization Period[4]
HIV	801,674	1 April 2018 to 31 March 2021
TB	811,949	1 January 2018 to 31 December 2020
Malaria	3,475,290	1 January 2018 to 31 December 2020
Total	**5,088,913**	

Program split. As part of the principle of country ownership, it is up to the CCM to assess the best use of funds across eligible disease components. The Global Fund strongly encourages integrated programming across diseases and investments in resilient and sustainable systems for health. Therefore applicants can either accept the Global Fund program split between components or propose a revised split, which will be reviewed by the Global Fund.

Domestic financing. The 2017-2019 allocation amount is dependent on meeting co-financing requirements, and 15% of Sao Tome and Principe's allocation will be made available upon additional co-financing commitments. This is to encourage additional domestic investment towards building resilient and sustainable systems for health, including investments in Sao Tome and Principe's HIV, TB, and Malaria disease programs. In addition, failure to realize previous co-financing commitments (formerly called Willingness to Pay) may result in the Global Fund reducing funds from existing grants and/or reducing the 2017-2019 allocation. Further details are included in Annex A below.

[1] This letter includes annexes and links which should be read together and in-full.
[2] Global Fund FAQs on the funding cycle: http://www.theglobalfund.org/en/applying/updates/2016-09-19_FAQ_on_the_2017-2019_Funding_Cycle/
[3] http://www.theglobalfund.org/en/fundingmodel/process/allocations/
[4] Alignment of allocation unitization periods to be discussed with your Fund Portfolio Manager.

Timing and use of funds. The allocation amount for each eligible disease component represents the funding that can be used over the relevant three-year allocation utilization period, as indicated in Table 1 (above). Any remaining funds from an existing grant, unused by the start of the indicated allocation utilization period, will not be additional to the allocation amount[5].

How to access funds

Funding request. To access the allocation amount, funding requests (formerly called concept notes) must be developed through inclusive and evidence-informed country dialogue and be based on national disease strategies and health plans. This inclusive dialogue should actively engage representatives from all stakeholder groups involved in the response to the diseases, including those involved in building resilient and sustainable systems for health, and must include key and vulnerable populations disproportionately impacted by the diseases. Following the program split decision, applicants are expected to submit a funding request for the allocation amount and include a prioritized and costed request for funds above the allocation amount (the prioritized above allocation request). This will ensure any additional funds that may become available during 2017-2019 allocation period, including savings identified in grant-making, can more easily be invested in Global Fund programs. More information can be found below as well as in Annex A. Customized application materials for each country will be provided by your Fund Portfolio Manager.

Approval process. Final grants are subject to the approval of funding by the Board of the Global Fund, based on an assessment of the funding request and successful completion of the grant-making process.

Opportunities to increase return on investment

In April 2016, the Board of the Global Fund approved the organization's strategy for the period 2017 to 2022,[6] titled Investing to End Epidemics. This strategy seeks to support accelerating the end of AIDS, tuberculosis and malaria by:

- Maximizing impact against HIV, TB, malaria
- Building resilient and sustainable systems for health
- Promoting and protecting human rights and gender equality, and
- Mobilizing increased resources, both domestically and internationally

The Global Fund recognizes that there is a funding gap between ultimate goals and available resources. Therefore, it is essential that all funding requests are prioritized and that the funds contribute to achieving maximum impact.

As part of the country dialogue and prioritization of the use of resources, there is strong encouragement from the Board of Directors and Secretariat that a robust risk assessment is done, including understanding the biggest risks to achieving impact, which could include basic systems, for example procurement and supply chain, or disease-specific issues. Understanding the greatest risks to success should be very helpful in prioritizing investments and monitoring progress in real time, allowing for rapid change to maximize impact.

Many countries are adopting innovative strategies to strengthen programmatic design and implementation towards greater health impacts. Within the next funding period, countries will be

[5] Any extension of an existing grant will be accounted for as part of the subsequent allocation utilization period, both in terms of time and money.

[6] http://www.theglobalfund.org/documents/board/35/BM35_02-TheGlobalFundStrategy2017-2022InvestingToEndEpidemics_Report_en/

expected: to examine the program quality and the efficiency of programs; to adopt quality improvements to enhance service delivery and impact and to achieve this by using robust health data. **Please refer to Annex B (below) for guidance on achieving program quality and efficiency to maximize impact of investments**. This guidance should be carefully considered in all country dialogue prioritization discussions and will be considered in the review of funding requests and grants.

Further to this, the Global Fund has created a series of information notes for applicants to guide investments. These information notes and other application resources can be found on the Global Fund website[7].

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. Such 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 for a price which is 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. Please see the budgeting guidelines for more details.[8]

Recoveries. Verifications of expenditures under prior or existing Global Fund grants, including audits and investigations by the Global Fund's Office of Inspector General or other verifications by or on behalf of the Global Fund Secretariat, may have resulted or may result in current or former Principal Recipients having to refund amounts to the Global Fund. Access to the full allocation amount will be conditional upon the Global Fund's satisfaction with such Principal Recipients' actions towards repayment. The Global Fund will work with applicants to explore all possibilities for repayment. If satisfactory actions towards repayment are not completed, the Global Fund can apply a reduction of funding of twice the outstanding recoverable amounts from the allocation amount.

Opportunities for funding beyond the allocation amount

In addition to the allocation amount, there are opportunities for funding above this amount.

- **Portfolio optimization**: the Global Fund will engage in ongoing portfolio optimization throughout the allocation period, to identify funds that become available to reinvest in priorities across the grant portfolio. In order to have interventions considered for such reinvestment, applicants must submit a prioritized above allocation request so that unfunded quality demand can be registered and prioritized for potential funding accordingly. This reinvestment of funds may occur upon the Global Fund's approval of the available funds for portfolio optimization.
- **External resources**: External resources can be channeled through the Global Fund from eligible donors to specific country disease components with interventions on the Register of Unfunded Quality Demand. These resources can come from private donors (such as corporations, foundations and individuals) and approved public mechanisms (i.e. UNITAID and Debt2Health).

[7] http://www.theglobalfund.org/en/applying/resources/
[8] Updated budgeting guidelines will be published in January: http://www.theglobalfund.org/en/guidelines/

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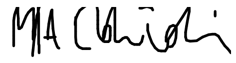
Thank you for your efforts in the global fight against HIV, TB and Malaria.

Sincerely



Mark Edington
Head
Grant Management Division

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Annex A: Sao Tome and Principe supplementary information

Currency. The 2014-2016 allocation for Sao Tome and Principe was denominated in USD. Based on your country's financial and monetary context, the Global Fund has determined that the currency for the next allocation cycle should switch to EUR. Global Fund allocations can only be denominated in EUR or USD. If you have any objection to the change, please inform your Fund Portfolio Manager, providing a strong rationale for maintaining USD denomination, by 15 February 2017.

Program split. The allocation from the Global Fund should be considered one total allocation amount to be split across eligible disease and investments in building resilient and sustainable systems for health. While Table 1 (above) indicates an indicative breakdown by disease component, this is for information only and the CCM may propose to revise the program split. The Global Fund expects that the CCM's decision on proposed program split (whether to revise or to keep the indicative split) is documented in meeting minutes. These meeting minutes should include who attended the meeting and the results of the vote on program split. The results of the CCM's decision on proposed program split must be indicated in the attached template, signed by the CCM Chair or Vice Chair and civil society representative, and be sent to the Global Fund Secretariat for review and approval prior to, or at the very latest at the same time as, the submission of the first funding request.

RSSH

It is critical that countries invest in cross-cutting resilient and sustainable systems for health (RSSH) to improve health outcomes. As outlined in the Global Fund strategy 'Investing to End Epidemics', there are seven sub-objectives under RSSH, namely:

- Strengthening community responses and systems
- Supporting reproductive, women's, children's, and adolescent health platforms for integrated service delivery and better epidemic control
- Strengthening procurement and supply chain systems
- Leveraging critical investments in human resources for health
- Strengthening data systems for health and countries' capacities for data analysis and use
- Strengthening and aligning to robust national health strategies and national disease-specific strategic plans
- Strengthening financial management and oversight

Cross-cutting RSSH investments can be included in any funding request or submitted as a stand-alone funding request. A joint application including two or more disease components and RSSH investments is **strongly encouraged**. Should you decide to submit separate disease component applications, we request that all cross-cutting RSSH interventions are included in one funding request, ideally the first one, ensuring that the disease communities have each designated a share of their disease funds to support cross-cutting health system strengthening interventions. The funding designated to cross-cutting RSSH interventions does not need to be documented in the program split unless a stand-alone RSSH funding request is planned.

In the 2014-2016 allocation period, your budgeted investment related to cross-cutting resilient and sustainable systems for health interventions was **US$715,779**, representing **8.9%** of your grants signed in this allocation period**.** As RSSH is among the four strategic objectives of the new Global Fund Strategy, we therefore expect **strong investments in RSSH in this funding cycle,** as appropriate. The Global Fund encourages you to plan to maintain or increase the level of investment in this area as per the guidance in the Global Fund RSSH information note[9] and relevant technical briefings.

[9] http://www.theglobalfund.org/en/applying/funding/resources/

Prioritized above allocation request (PAAR)

All applicants are expected to submit a prioritized and costed above allocation request. Doing so provides a way to identify where funds that become available during grant-making and through the rest of the grant lifecycle could be reinvested in the most impactful and efficient way. Costed national strategic plans and/or programmatic and funding landscape tables in Global Fund funding requests should serve as the basis for estimating and prioritizing country needs beyond the allocation. These prioritized needs would be reviewed by the Technical Review Panel and registered at the time of initial submission of a funding request and maintained on a register of unfunded quality demand[10] to attract additional resources, such as those from the private sector or Debt2Health, and to facilitate reprogramming of savings or efficiencies often identified during the grant lifecycle.

Through portfolio optimization, the Global Fund plans to review and identify available funds that can be reinvested towards priorities across the portfolio throughout the grant lifecycle.

Domestic financing

Co-financing. In order to access the full allocation amount for 2017-2019, Sao Tome and Principe must meet co-financing requirements[11]. This means that 15% of the Global Fund allocation for each disease component is conditional on increases in co-financing contributions targeting disease program and/or RSSH investments.

Previous co-financing commitments. In addition to future co-financing requirements, Sao Tome and Principe must also demonstrate that it has realized the commitments made under the previous Willingness to Pay policy, as described in Table 2. In the event of failure to realize previous co-financing commitments, the Global Fund may reduce funds from existing grants and/or the 2017-2019 allocation. We request that Sao Tome and Principe submits evidence of the realization of previous commitments prior to or along with its first funding request for review by the Global Fund.

Table 2: Co-financing commitments for 2014-2016 allocation

Program	Currency	2015	2016	2017
HIV	US$	0.18 M	0.18 M	0.18 M
Tuberculosis		0.09 M	0.10 M	0.10 M
Malaria		0.95 M	0.95 M	0.95 M

Source: Concept Note and background documents submitted to access funding from the 2014-2016 Allocation

Co-financing incentive requirements for 2017-2019 allocation:

- Total amount of 2017-2019 allocation subject to additional co-financing investments in disease programs and RSSH as described below (15% of 2017-2019 allocation): **€763,337**

[10] http://www.theglobalfund.org/en/uqd/

[11] Co-financing was formerly known as counterpart financing and willingness-to-pay requirements. The two core co-financing requirements are: 1) Increase government expenditure for disease programs and health systems; and 2) progressive absorption of key program components with domestic financing. For more information, please consult the Global Fund Sustainability, Transition and Co-financing Policy.

- Minimum amount of additional co-financing investments Sao Tome and Principe has to make in order to access full co-financing incentive: **€763,337**
- **Targeting of co-financing investments.** Under the Global Fund Sustainability, Transition and Co-financing Policy[12], at least 50% of the additional co-financing contributions must be invested in disease program interventions.
- Commitments to access the co-financing incentive should specify the specific timing of investments, specific activities financed and how realization of commitments will be verified and reported to the Global Fund.
- Countries should provide evidence of confirmed co-financing commitments from the Ministry of Finance or other relevant bodies.

Sustainability and Transition:
Long-term sustainability is a key aspect of development and health financing, and all countries, regardless of their economic capacity and disease burden, should be planning for and embedding sustainability considerations within national strategies, program design, and implementation. As such, the Global Fund encourages Sao Tome and Principe to take into account sustainability considerations in the design of its funding requests and co-financing commitments.

Focus of application requirements: 50%
As Sao Tome and Principe is classified as a lower lower-middle-income country, at least 50% of your funding request for disease-specific interventions should be designated for key and vulnerable populations and/or highest impact interventions within the defined epidemiological context. Requests for RSSH must be primarily focused on improving overall program outcomes for key and vulnerable populations in two or more of the diseases and should be targeted to support scale-up, efficiency and alignment of interventions with current domestic and international investments. Funding requests must include, as appropriate, interventions that respond to human rights and gender related barriers and vulnerabilities in access to services.

Application approach

Joint application for three diseases required: Yes
While all applicants are encouraged to develop joint applications, there are some for whom joint applications are required. On operational grounds, the Global Fund requests Sao Tome and Principe to submit a single funding request for TB, HIV, malaria (and RSSH, as applicable). Sao Tome and Principe is also requested to subsequently manage the Global Fund investment as a joint grant for the three diseases. Enhanced joint programming across the three diseases as well as Resilient and Sustainable Systems for Health will allow for better targeting resources for maximum impact, scaling up services and increasing their effectiveness and efficiency, quality and sustainability.

Differentiated funding application approach
The funding application process for 2017-2019 will be tailored to the needs of applicants through 'differentiated' application materials and corresponding review approaches. This updated process allows for flexible and tailored funding requests that are appropriately matched to the needs and context of a country. Your Fund Portfolio Manager will provide you with the appropriate application package.

The differentiated process for each component for your country are detailed below.

[12] http://www.theglobalfund.org/documents/board/35/BM35_04-SustainabilityTransitionAndCoFinancing_Policy_en/

TB, HIV and Malaria: Tailored
Considering your specific country context, the process and the associated documentation for your funding request will be customized and communicated by your Fund Portfolio Manager in due course.

CCM eligibility and performance assessment
The type of CCM eligibility review conducted for Eligibility Requirements One and Two[13] at the time of funding request submission is determined based on the Secretariat's overall assessment of CCM eligibility and performance. This assessment is determined by the outcomes of the annual Eligibility Performance Assessment tool related to CCM Eligibility Requirements 3 to 6 as well as additional contextual information from the Global Fund's Community Rights and Gender Department.

- **Type of review**: Light
- **Documentation required at the time of funding request submission**:
    - CCM Eligibility Narrative
    - Statement of Compliance

[13] http://www.theglobalfund.org/en/ccm/guidelines/

Annex B: Program quality and efficiency guidance

Value for money: It is imperative to make optimal use of available resources to maximize impact at country level; this requires improved efficiency in the allocation of resources to the most impactful interventions, taking cost and resource availability into account. This also requires finding ways to lower the unit cost of service provision that is of sound quality along the continuum of care across different service provision levels. Careful prioritization of investments and interventions is needed to improve quality and efficiency where needed most and where action is likely to lead to the greatest return on investment.

HIV: Strengthening the HIV prevention and treatment cascade is critical to delivering on global targets, including reaching the UNAIDS fast track prevention and treatment targets. The adoption of differentiated models for delivery of HIV services will improve the quality of services and adherence to treatment while achieving potential program cost savings between 10-20%. It is critical to shift to a test and start approach, and implement the 2016 WHO guidelines through differentiated strategies to testing, service delivery and drug delivery including for key and vulnerable populations in concentrated epidemic settings. Improved health outcomes and efficiencies should be achieved by integrating TB/HIV services and expanding and integrating outreach and service delivery through reproductive, maternal, newborn, child, and adolescent health platforms. Approaches to improve program efficiency and quality include task shifting, multi-month drug prescriptions, tailored treatment monitoring and scheduling for stable patients, and community-based models for drug delivery.

Malaria: Progression towards malaria-free status is a continuous process; interventions need to be appropriately directed to address the spectrum of malaria transmission intensity and dynamics to accelerate a country's malaria program towards achieving and maintaining elimination. Increasing access to vector control interventions and parasitological testing for acute febrile illness will ensure people at risk for malaria are protected from infection and receive antimalarial treatment, when appropriate. In maximizing value-for-money, it is critical that implementers consider standard procurement specifications for LLINs as we continue to strive for universal coverage. While the scale-up of parasitological diagnosis may save resources by reducing demand for ACTs, this is often offset by the increased requirements for expanding testing. Ongoing planning with anticipation of transitions and evolving approaches is critical and the needs of key and vulnerable populations must be addressed.

TB: It is essential to implement innovative approaches to find all missing and undiagnosed TB cases of both drug-sensitive and drug-resistant strains of TB and to ensure that all TB cases are treated in line with the WHO End TB Strategy and Global Plan to End TB 2016-2020. Consideration should be given to in-country experience for TB case finding approaches that have shown potential for impact. Applicants should use the latest evidence, recommendations and normative guidelines for optimal use of new diagnostic technologies to enhance early and accurate diagnosis of drug-sensitive and drug-resistant TB. Applicants should also provide prompt access to the most adequate treatment, including the introduction of new drugs, new regimens and new formulations. Applicants should refer to the new recommendations on the use of shorter treatment regimens for multidrug-resistant TB, which reduces the length of treatment by 50% for many adults and children. The regimen is expected to benefit the majority of MDR-TB patients, enabling improved outcomes and potentially lower deaths due to better adherence to treatment and reduced loss to follow-up. Lastly, the Global Fund reinforces the need for the TB programs to collaborate with the health care providers from the private sector; to ensure that the interventions put in place are geared towards removing any barriers that different vulnerable groups and key populations are facing in accessing health care services, such as diagnosis, treatment and care.

RSSH: The resources required to address the burden of HIV, TB and malaria are greater than currently available. Investments in RSSH can increase allocative efficiency through strengthened information systems and epidemiological intelligence, through strategically investing in Human Work Force as well as through improved alignment and integration of high-quality interventions to match the context of epidemics. In addition, investments in RSSH support integrated, people-centered systems of health that extend beyond the three diseases and make more efficient use of resources by avoiding duplication and promoting harmonization. Supporting more integrated approaches is also essential to improving quality of care, and can lead to better efficiencies within the health system. Integrating RSSH interventions into disease-specific approaches can leverage investments and lead to greater efficiencies in disease programs. In particular, supporting disease programs' integration into existing service delivery platforms, as appropriate, to improve health outcomes for HIV, TB and malaria should be considered. The GF encourages applicants to invest in building resilient and sustainable systems for health, as highlighted in the new Global Fund Strategy. Within the sub-objectives underlined by the strategy, the Global Fund is recommending a differentiated approach to RSSH, with the aim to ensure more effective investments in systems for health and more capacity development and long-term programmatic and financial sustainability. Please review the RSSH information note for more detail. By strengthening systems for health, it is also expected that countries will be prepared for and able to cope with any potential future shocks.

Promoting and protecting human rights and gender equality: To accelerate the end of the epidemics, it is critical to scale-up programs in high burden countries and to support women and girls, in all their diversity, including programs to advance sexual and reproductive health and rights. Gender inequalities, harmful practices, sexual violence and discrimination against women continue to fuel the epidemics in many countries; therefore, investments are needed to reduce health inequities, including gender-and age-related disparities. In addition, to maximize the impact against and end the epidemics, it is essential to introduce and scale-up programs that remove human rights-related barriers to HIV, TB, and malaria services. To do so, key and vulnerable populations and networks must be supported to engage meaningfully in Global Fund processes and all country stakeholders must work towards removing any barriers to health care services. Communities are critical actors in improving peoples' health, serving a vital role to broaden service reach, engage people to facilitate better health, improve access to health care, and overcome stigma, discrimination, and other human rights abuses. Applicants are encouraged to include community-led responses including service delivery, advocacy, monitoring and accountability work in funding requests. Applicants are also encouraged to conduct TB and TB/HIV gender assessments, legal environment assessments and utilize TB tools to address the needs of key populations.

Data use for action: Strong and responsive data systems are critical for achieving epidemic control of the three diseases, promoting and protecting human rights and gender equality and building resilient and sustainable systems for health. A fundamental driver of quality improvement and efficiency is ensuring data use for action, through an iterative process of continuous improvement in the design and implementation of programs. The right data with the right level of detail need to be available at the right time and used by actors at different levels of the system to drive improvements. It is therefore critical to invest in improving the availability, quality, timeliness and use of data, as part of an overall approach to improving program quality and efficiency. Applicants are encouraged to clearly articulate how programmatic monitoring and evaluation will provide the strategic information needed to refine and strengthen the quality, reach and impact of investments. It is also important to move beyond the numbers, ensuring a laser focus on reducing inequities to life-saving interventions, grounded in the epidemiologic context, including among key and vulnerable populations, with consideration for geographic location, gender and age. Applicants, in particular in Global Fund High Impact and Core countries, need to plan and budget for strengthening key data sources (in particular routine data, surveillance, including mortality reporting and cause of death) and their use, while ensuring

regular evaluations and program data quality assessments. Innovative data collection methods are encouraged to improve the granularity of data to target the response. Data triangulation methods and data reviews should be used to strengthen the interpretation of trend data and contextual factors. Data and evidence should be used at all levels to drive improvements in program quality and maximize impact.

Summary of key areas of investment to improve program quality and maximize impact

Malaria
- Vector Control: ensuring high levels of effective coverage with existing and new tools
- Case management: improving access and service quality
- Routine information systems, surveys and surveillance: timely use of data as intervention to accelerate progress toward elimination

TB
- Case detection: reducing missed cases for drug sensitive and resistant TB by improving practices in health facilities and community
- Treatment: improving outcomes for drug sensitive and resistant TB
- Integration: making optimal use of existing platforms and systems (e.g. TB/HIV, RMNC) to integrate and accelerate progress in TB care and prevention and increase efficiency

HIV/AIDS
- Differentiated strategies: scaling up innovative service delivery models for screening, testing, treatment and care to meet patient needs and reduce costs
- Health service quality: amplifying best practice in patient-centered quality improvement
- Integration: driving improvements in integrated approaches to adolescent health and TB/HIV

Resilient and sustainable systems for health
- Data: improving availability, quality, timeliness and use to improve programs and outcomes
- Community engagement: enabling local level feedback and adaptation to improve service quality and responsiveness
- Procurement and supply chain: transforming country systems to improve capacity, responsiveness and efficiency
- Human resources for health: catalyzing critical improvements in the productivity, quality, motivation, retention and distribution of the health workforce
- Service delivery platforms: leveraging reproductive, maternal, newborn, child and adolescent health platforms to integrate high quality prevention, testing and treatment services
- Leadership: political will, governance, stewardship and partnerships