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A Q&A on the Global Fund's New Eligibility Policy and Sustainability, Transition and Co-Financing Policy

Introduction

The Global Fund's Eligibility Policy is a framework document that outlines the criteria upon which individual country disease components and multi-country applications are assessed as eligible or ineligible to access Global Fund resources. The main criteria are income level and disease burden, but the policy also takes into account factors such as political commitment and the involvement of an inclusive country coordinating mechanism (CCM). The new Eligibility Policy, approved by the Global Fund Board in April 2016, supersedes the previous Eligibility and Counterpart Financing Policy (ECFP) from 2013.

It is important to note that there are not major changes to the new Eligibility Policy as compared to the previous one. One noteworthy change is that the new Eligibility Policy is now presented as a standalone policy, whereas before it was an Eligibility and Counterpart Financing Policy. Going forward, the counterpart financing requirements are part of the Sustainability, Transitions, and Co-financing (STC) policy – a new policy altogether for the Global Fund. The reason for this shift is so that changes and updates to the STC policy do not also open up eligibility at the same time, with the potential risk that eligibility will then be limited or reduced. According to the Global Fund, this is a protective measure for the eligibility policy as it stands. Beyond separating eligibility and co-financing into two distinct policies, there are **five relevant changes to the new Eligibility Policy** worth highlighting:

- The policy is now explicit that eligibility for an allocation does not guarantee an allocation
- Revised wording would require countries/components to be eligible for two consecutive years before getting an allocation (see answer to question 1 and 10 for implications)
- A 3 year GNI average will be used to determine income level classification (see answer to question 6 for implications)
- New language allows for all countries to use their allocation for resilient and sustainable systems for health (RSSH), in line with their country context, as per the Global Fund's Strategy for 2017-2022.
- Transition funding is codified for existing grants who become ineligible from one allocation to the next (see answer to question 4 for implications)

The Global Fund's STC policy (also approved by the Board in April 2016) is a new policy which lays out the principles to support countries as they transition from Global Fund support to domestic financing. The policy aims to supports a more pro-active approach to planning for sustainability with tailored and differentiated engagement with countries at all stages of the development continuum – not just upper-middle income countries that are facing imminent ineligibility.

Flexibility is one of the core principles that guide the STC policy. As such, **one of the most important clauses in the new STC policy** is that *"The Secretariat will consider any exceptions to this policy on an* *individual basis, taking into account country context and fiscal space considerations, as well as other relevant factors."* Lastly, the STC policy includes a simplified, two-step co-financing policy which aims to incentivize increased domestic resources for health in affected countries, and promote focused investments on particular interventions, depending on where a country is on the development continuum.

QUESTION 1: Is there a list of all countries (by disease component) that have been made ineligible by the new Eligibility Policy?

No. No country has been made ineligible by the new policy (yet). This will not be known until the next eligibility list comes out in February 2017. The new Eligibility Policy is not retroactive, so the February 2016 list is unaffected by the changes. The list of eligible countries is updated annually, so the next list will be available in February 2017. It is impossible to accurately predict how the new eligibility policy will affect the 2017 eligibility list. The data used is the World Bank Atlas figures, and the definitive GNI growth/contraction figures for 2016 are not known until the Bank produces their annual assessment in July. That said, it is also important to keep in mind that there are no significant changes to eligibility criteria with the new policy. If one were to apply the new policy to the 2016 eligibility list, it would not have a material impact on the eligible components. However, the new policy would, in some instances, slow the shift from lower middle-income (LMI) to upper middle-income (UMIC) (see answer to question 7), which together with disease burden would have a material impact on eligibility. In other cases, the new policy may prolong the process for a country to re-enter into the Global Fund portfolio (see answer to question 10). According to key informants, the Global Fund's Strategy Committee has developed a list of countries that are projected to move to transition funding in the 2017-2019 allocation period, based on forecasts using the 2016 eligibility list. This list is subject to change when the 2017 eligibility list comes out. Table 1 shows country components currently eligible for transition funding in 2017-2019.

Table 1.

Country-components currently eligible to receive Transition Funding in 2017-2019 allocation (based on 2016 allocations list)

Country	Component	Income Category	Disease Burden	Eligibility
Albania	HIV	UMI	Low	Transition Funding
Albania	TB	UMI	Low	Transition Funding
Belize	TB	UMI	Moderate	Transition Funding
Botswana	Malaria	UMI	Moderate	Transition Funding
Bulgaria	TB	UMI	Moderate	Transition Funding
Cuba	HIV	UMI	Moderate	Transition Funding
Dominican Republic	TB	UMI	Moderate	Transition Funding
Panama	TB	UMI	Moderate	Transition Funding
Paraguay	TB	UMI	Moderate	Transition Funding
Paraguay	Malaria	UMI	Moderate	Transition Funding
Suriname	TB	UMI	Moderate	Transition Funding
Turkmenistan	TB	UMI	Moderate	Transition Funding

QUESTION 2: Is there a list of all countries classified according to the new disease burden categorizations?

The disease burden categorizations remain consistent with the previous eligibility policy. The only change is in language, where the previous policy referred to most-at-risk populations and the new policy refers to key populations. Brackets for defining disease burden as Low, Moderate, High, Severe or Extreme are the same.

QUESTION 3: Does the Global Fund conduct any risk analysis assessment before it recommends a country no longer be eligible?

Yes. Countries will be supported by the Global Fund to conduct transition readiness assessments approximately 10 years ahead of when they are projected to transition (see answer to question 4). The transition readiness assessment is how the Global Fund will do risk analyses of transitioning countries. There is a transition readiness tool that has been under development for the last six months by Curatio Consulting. The Global Fund is aiming to finalize this tool in June or July of 2016. The readiness assessments will feed into tailored and focused transition workplans. There will be a new differentiation process in the context of transition which will use flexibilities to determine how countries apply for transition funding and what amounts they get. As a result, requirements will be a lot easier on some countries in terms of the concept note process. Internal meetings are currently ongoing at the Fund on the new transition-tailored application narrative.

QUESTION 4: Is there anything earmarked for countries who have already graduated from Global Fund support with disastrous consequences ("failed transitions"?). Is there a plan to address those countries?

No, there are no funds earmarked for countries that have already graduated. According to the Global Fund, these countries are a concern and work is being done to try to support these countries, but there is a lack of clarity on what exactly will be done. So while no funds are earmarked for countries that have already transitioned, there are emerging funds being made available to support those that are currently planning for transition. The Community, Rights and Gender Department at the Global Fund Secretariat has set aside $500,000 for technical assistance (TA) to support responsible transition (to be spent by the end of 2016). There is currently a lack of clarity on what kinds of transition activities this TA funding will support. Further, beyond the Fund, Open Society Foundations (OSF) has allocated $1 million to support transitions in 5-7 countries in Latin America and the Caribbean, Eastern Europe and Central Asia, and the Asia Pacific region. Again, what that money will be spent on remains uncertain. OSF is also looking to establish safety nets for countries that have already transitioned. The newly announced $100 million PEPFAR fund for key populations might be an opportunity so support countries post-transition.

According to two Fund Portfolio Managers (FPMs) of transitioning countries, there is concern about what will happen post-transition:

"We are actively engaging with the EU and the local decision makers to transfer the funding of activities for HIV and TB services. We are all aware that the consequences will be negative for key populations, but it seems there is nothing one can do about it apart from claiming that we are leaving no one behind. Alas, this is such a sad reality. The EU Board member states that we should fund the least able to pay, but it takes ages for them to understand that they can exercise political pressure on the government. And now with the refugee crisis, the HIV prevention services among vulnerable groups must not be high on the EU agenda…"

"There is nothing earmarked at the moment. However the Global Fund will continue to monitor the progress of efforts to ensure the long-term sustainability of the program and efforts to transition the financing of necessary interventions to the country. Partners in country will carry out a feasibility study regarding Social Impact Bonds and in parallel the Global Fund is financing an Allocative Efficiency Modelling which will allow the country to identify areas of investment that would have the most impact."

QUESTION 5: During the Equitable Access Initiative consultations, there were calls for a transition period for countries over 5–10 years, giving time for adjustment and acknowledging that GNI/head could slip backwards, such as during a conflict, crisis or economic downturn. Why did the Global Fund settle on up to 3 years? Was this decision based on evidence of successful Global Fund transitions carried out in 3 years?

While the STC policy states that transition funding will be provided for up to one allocation period (3 years), there are flexibilities in the policy that allow for transition funding beyond that time. The STC policy states that there will be greater flexibility around transition requirements in Challenging Operating Environments (COEs), many of which are experiencing conflicts and crises. As such, the STC policy specifies that based on country context and existing portfolio considerations, the Secretariat will determine the appropriate period and amount of funding for priority transition needs. This flexibility could allow for longer transitions in some cases, but also potentially allows the Secretariat to make them shorter in others (see answer to question 6). It is also important to distinguish between transition funding and the transition period. While transition funding will be available for up to 3 years (with flexibilities for more in some cases) the transition period will be approximately 10 years. A decade before transition, countries will be supported to conduct transition readiness assessments that will feed into tailored, focused transition work-plans. These work plans can form the basis of funding requests under the new tailored transitions approach. Transition funding requests will be reviewed by a specialized group of Technical Review Panel (TRP) experts that will be looking for specific elements in the request, depending on the TRP review criteria for transitioning countries.

It should be noted, that there was a formal amendment proposed to the STC policy at the Global Fund's 35th Board meeting to enshrine transition funding for up to two allocation periods. This was put forward and largely supported by civil society. However, ultimately, this amendment did not win majority vote, with many donors (including DFID) strongly opposing this.

QUESTION 6: Under what circumstances could the transition be shorter than 3 years?

Transitions could be shorter than 3 years if countries elect to transition sooner, or if the Global Fund Secretariat determines that the transition period should be shorter. In one notable example, Thailand expressed in its 2014 concept note that would transition ahead being deemed ineligible and that it would do so over a 2-year time period. Importantly, this decision has since been revisited amid concerns over limited transition readiness from within the country. However, the Thai experience serves as an example of possible circumstances in which transition could be shorter than 3 years due to country decisions. ICASO interviews with two CCM members in Bangkok, Thailand, in August 2015 shed some light on how countries might decide to transition over less than 3 years:

> "*OK, if this is the money that we have, then we have to transition. The two year plan was the result of a healthy assessment. We saw that the money couldn't stretch three years"*
>
> *"Global Fund tried to tell us three years, but we said Thailand should stand on our own two feet. Thailand told Global Fund no – two years. We cannot keep relying on them"*

A second scenario in which transition could be shorter than 3 years is if the Global Fund Secretariat decides it should be. The STC policy says that "The Secretariat, based on country context and existing portfolio considerations, will determine the appropriate period and amount of funding for priority transition needs." This means that transitions could be shorter (or longer) than 3 years, depending on the Secretariat's determination. According to one Global Fund key informant, this later scenario is unlikely: "I don't think the Global Fund would dictate and make it [transition] shorter."

QUESTION 7: It is widely acknowledged that gross national income (GNI) is a blunt instrument to determine levels of external investment required to improve health in a country. Although the Equitable Access Initiative did not agree on a particular framework, four expert analytical groups where commissioned to explore this issue. All four groups converged on three themes: the use of disease metrics to capture health need; accounting for inequity in income and health; and accounting for a government's capacity to domestically finance health. How is this reflected in the new eligibility policy?

The main way that the advice of the Equitable Access Initiative is reflected in the new eligibility policy is that the Global Fund will now use a 3-year GNI average as its income level indicator, somewhat softening GNI as an eligibility metric. Under the new GNI rule, transition will be moderated because using a 3-year GNI average protects against fluctuations and volatility in income levels. With the old policy, the Global Fund used single year GNI as a measure of a country's income level. According to the new eligibility policy, the change to use a 3-year GNI average would have minimal effects on the portfolio of eligible countries/components. However, the policy says that using the 3-year average would result in some countries/components remaining eligible a little bit longer before moving to transition. Many perceive this as a positive thing for higher-income lower-burden countries. However, on the other hand, this change in the policy also potentially slows down the process for countries to become newly eligible or re-enter the Global Fund portfolio (see answer to question 10). The application of the 3-year GNI average and its effects on particular regions are displayed (in table 2) below:

Table 2.

Application of 3 Year Average on 2016 Eligibility			
Region	**Current**	**3-yr average**	**Effect**
South America	UMI	Upper- LMI	Would remain eligible for all 3 diseases instead of only for HIV and moving to transition funding for TB and Malaria
Central Asia	UMI	Upper-LMI	HIV changes in co-financing and focus of application requirements
South Asia	Lower-LMI	LI	Change in co-financing and focus of application requirements
North Africa	LI	Lower-LMI	Change in co-financing and focus of application requirements
Central Asia	Lower-LMI	LI	Change in co-financing and focus of application requirements

QUESTION 8: Is there a list of countries that will graduate as a result of changes to eligibility but will remain eligible under the NGO rule?

No. Recall from the answer to question 1 that the new policy is not significantly different from the old one and is unlikely to lead to any country disease component graduating as a result. According to the new Eligibility Policy, the NGO rule for HIV/AIDS has been revised for clarity, but there are no changes in requirements to the NGO rule. The table below compares the text for the NGO rule in the old eligibility policy and the new one:

NGO Rule in Old Eligibility Policy (2013)	NGO Rule in New Eligibility Policy (2016)
NGO Rule for HIV/AIDS: UMICs not listed on the OECD's DAC list of ODA recipients[1] are eligible to apply for HIV and AIDS funding only if the following conditions are met: a. Such country has a reported disease burden of 'High', 'Severe' or 'Extreme'; b. The application is submitted and the program will be managed by a nongovernmental organization (NGO) within the country in which activities would be implemented; c. The government of such country shall not directly receive any funding;	**NGO Rule for HIV/AIDS:** UMICs not listed on the OECD's DAC list of ODA recipients[1] are eligible to receive an allocation for HIV and AIDS funding **only if** they have a reported disease burden of 'High', 'Severe' or 'Extreme' and are eligible to apply for such funds only if the following conditions are met: a. Confirmation that the allocation will be used to fund interventions that are not being provided due to political barriers and are supported by the country's epidemiology; b. Confirmation that: (i) the application will be submitted by a non-CCM or other

[1] The Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development publishes a list of countries eligible for Official Development Assistance (ODA).

d. Requests are submitted as a non-CCM or other valid application;
e. Such funding requests must meet the focus of application requirements set forth in Paragraph 17 of this Policy[2] and must demonstrate that they target key services, as supported by evidence and the country's epidemiology; and
f. Applicants must provide confirmation that the services requested in the application are not being provided due to political barriers.

multi-stakeholder coordinating body; and (ii) the program will be managed by a non-governmental organization (NGO) within the country in which activities would be implemented;

c. The government of such country shall not directly receive any funding; and
d. Applicants meet all other applicable requirements as set forth in the Sustainability, Transition and Co-financing Policy, as amended from time to time.

Countries noted as eligible for funding under the NGO rule in the current 2016 eligibility list include: Bulgaria (HIV), Romania (HIV) and Russia (HIV).

QUESTION 9: When and how is the end of eligibility communicated to countries?

Although the STC policy includes the aspect of "timely notification of potential transition" it does not define what "timely" means. Two FPMs of a currently transition disease component noted that transition was communicated to the country at the time when their last allocation was announced. This means countries are currently only getting three years notice before transition. According to key informants, the intention is to give much more notice, going forward. However, that does not help the countries that are nearing transition now, and were not given adequate warning and planning time.

The Global Fund is currently finalizing who will be part of its team at the Secretariat working on transitions. This team should be able to provide more information to countries at a sooner date, along with planning assistance and guidance. The transitions team will be a multi-departmental effort, with some country-level program officers, people from the Grants Management Division, someone form the Community, Rights and Gender Department, someone from Access to Funding, etc. Key informants indicate that so far, the Programme Officers from Colombia and Jamaica have been appointed to the Secretariat's transitions team. Key informants also indicate that there will not be an FPM and a Programme Officer for transitioning countries, perhaps with the understanding that the transitions team will largely be providing the guidance and support that these countries need. Some are of the opinion that Secretariat support to transitioning countries should be more rather than less, but it remains to be seen how the transition team will operationalize its role.

QUESTION 10: Once a country or component becomes ineligible, can it be reassessed to re-enter the portfolio if circumstances change?

[2] UMIC Application Focus: If eligible, according to disease burden as set out in Paragraph 8 above, UMICs must focus 100 percent of the interventions on Special Groups and/or Interventions. Compliance with this criterion will be determined at the time of the TRP review.

Yes, but the new Eligibility Policy makes it harder than it was before the re-enter the Global Fund portfolio. With the old policy, a country/component that was previous deemed ineligible could re-enter the Global Fund portfolio if it was deemed eligible again for two consecutive years. The country could then access funds in that second year. Now, with the new Eligibility Policy, a country/component must be eligible for two consecutive years and can only access funding the year after that (and only if it is still eligible in that third year). So while the new Eligibility Policy states "Countries or components that become newly eligible may be eligible to receive an allocation, subject to the availability of funding, only after being eligible for two consecutive eligibility determinations", the two years referred to is effectively three years based on the policy changes. This makes it harder than it was before for countries to re-enter the Global Fund system.

Conclusion

Although these 10 questions have critical implications for countries facing transition, there remains a lack of clarity on the answers to many of them. It is imperative that lists of countries – if known by the Global Fund Secretariat – not be kept a secret. In particular, it is critical that the Global Fund publish a public forecast list of when countries will (likely) transition from support, so that adequate planning can begin as early as possible. Once the Global Fund establishes the transitions team within the Secretariat they should be able to provide further answers to questions like the 10 asked here.

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Information presented in this Q&A was obtained from the following sources:

- Key Informant Interview (email) - Global Fund Community, Rights and Gender Department (24 June 2016)
- Key Informant Interview (email) - Global Fund Secretariat – FPM of transitioning country (28 June 2016)
- Key Informant Interview (email) - Global Fund Secretariat – FPM of transitioning country (30 June 2016)
- Key Informant Interview (in person - Bangkok, Thailand) – Thailand CCM member #1 (21 August 2016)
- Key Informant Interview (in person - Bangkok, Thailand) – Thailand CCM member #2 (21 August 2016)
- Key Informant Interview (telephonic) - Aidspan, Independent Observer of the Global Fund (24 June 2016)
- Key Informant Interview (telephonic) - Global Fund Innovative Finance Department (27 June 2016)
- Key Informant Interview (telephonic) – Open Society Foundations (OSF) (30 June 2016)
- Presentation - The Global Fund Eligibility Policy – Revised 2016. Presentation delivered by the Global Fund on the 5th of May 2016 in Amsterdam, the Netherlands, at the Communities Delegation Expert Consultation on Sustainability and Transition.
- The Global Fund Eligibility and Counterpart Financing Policy (November 2013). Adopted under Decision Point GF/B30/DP5.
- The Global Fund Eligibility Policy (April 2016). Adopted under Decision Point GF/B35/06.
- Global Fund Eligibility List (February 2016)
- The Global Fund Sustainability, Transition and Co-financing Policy. Adopted under Decision Point GF/B35/04.