

Electronic Report to the Board

Report of the Secretariat's Grant Approvals Committee

GF/B34/ER01
Board Decision

PURPOSE: This document proposes one decision point as follows:

1. GF/B34/EDP01: Decision on the Secretariat's Recommendation on Additional Funding from the 2014 Allocation¹

This document is part of an internal deliberative process of the Global Fund
and as such cannot be made public.

¹ Nigeria TB/HIV. Total incremental amount is US\$315,871,299

I. Decision Points

1. Based on the rationale described in Section IV below, the following electronic decision point is recommended to the Board:

1.1 Set forth below is the Secretariat's recommendation to approve additional funding up to an amount of US\$315,871,299.

Decision Point GF/B34/EDP01: Decision on the Secretariat's Recommendation on Additional Funding from the 2014 Allocation

The Board:

1. *Acknowledges that there are ongoing audit and investigation by the Office of the Inspector General ("OIG") on existing Nigeria grants, which, as of the date of this decision point, has revealed evidence pointing to: (1) serious weakness in financial, supply-chain, non-health product procurement and programmatic management in individual grants at both Principal Recipient and sub-recipient levels and, despite the uncompromising efforts of the Secretariat, such weakness in certain instances has manifested in fraud and misappropriation of grant funds, and (2) country risks across the Nigeria portfolio of the Global Fund;*
2. *Considers that Nigeria is the most populous country in Africa and its high disease burden of HIV and TB has important impact on the global epidemics and that disengaging Nigeria or halting the launch of the new grants to Nigeria to deliver the proposed targets in the TB/HIV concept note is not a preferred option at this stage if the Global Fund is to fulfil its mission;*
3. *Approves the incremental funding recommended for each disease component, and its constituent grants, as listed in Table 1 of Section IV of GF/B34/ER01 ("Table 1"), provided that the Secretariat (1) pursues a full recovery, as it has done for other Nigeria recoveries and as supported by evidence, of the amounts derived from the confirmed findings and recommendations of the OIG in accordance with the Global Fund policies, (2) continues its efforts to enforce risk-mitigating mechanisms currently in place and other enhanced measures planned for new grants, and (3) duly implements all additional risk-mitigating actions agreed between the Secretariat and the OIG for the Nigeria portfolio;*
4. *Acknowledges that each grant approved under this decision will be implemented by the proposed Principal Recipients listed in Table 1 or any other Principal Recipient(s) deemed appropriate by the Secretariat in accordance with this decision point and other Global Fund policies;*
5. *Affirms that the incremental funding approved under this decision (1) increases the upper-ceiling amount that may be available for the relevant implementation period of each grant listed in Table 1, (2) is subject to the availability of funding, and (3) shall be committed in annual tranches;*
6. *Acknowledges that while Nigeria, through the TB/HIV concept note, has requested to access its 2014 Allocation fully, the funding recommended in Table 1 does not exhaust such allocation so as to preserve flexibility to address uncertainties and potential needs associated with a differentiated approach and OIG findings for implementing the TB and HIV programs, and accordingly that the Secretariat through a separate report to the Board may recommend further funding for Nigeria's TB and HIV programs from the country's remaining allocation; and*
7. *Delegates to the Secretariat authority to redistribute the overall upper-ceiling of funding available for each disease component among its constituent grants, provided that the Technical Review Panel (the "TRP") validates any redistribution that constitutes a material change from the program and related funding request initially reviewed and recommended by the TRP.*

This decision does not have material budgetary implications for the 2015 Operating Expenses Budget.

II. Relevant Past Decisions

1. Pursuant to the Governance Plan for Impact as approved at the Thirty-Second Board Meeting,² the following summary of relevant past decision point is submitted as a reference for the decision point proposed in Section I above.

Relevant Past Decision Point	Summary and Impact
GF/B19/DP25: Grant Policy during OIG Investigations and Audits	This decision point establishes the general policy of the Global Fund in dealing with circumstances where there is credible and substantive evidence of fraud, abuse, misappropriation or corruption involving Global Fund grants.

III. Action Required

1. The Board is requested to consider and approve the decision points recommended in Section I above.
2. Please find here a list of documents provided per disease component to substantiate the Board decision. All relevant documents containing the Secretariat's reason for its recommendations to the Board and the Funding Requests/comments have been posted on the Governance Extranet available at this [link](#).
 - a. Concept Note
 - b. Concept Note Review and Recommendation Form
 - c. Grant Confirmation
 - d. TRP Clarification Form

² GF/B32/DP05: Approval of the Governance Plan for Impact as set forth in document GF/B32/08 Revision 2 (<http://www.theglobalfund.org/Knowledge/Decisions/GF/B32/DP05/>)

IV. Summary of the deliberations of the Secretariat's Grant Approvals Committee

01 Table 1: Secretariat's Funding Recommendation on Additional Funding from the 2014 Allocation

N	Country	Disease Component	Proposed Principal Recipient (Grant Name)	Currency	Total Program Budget	Sources		Recommended Total Incremental Funding	Incentive Funding included in Total Incremental Funding	Unfunded Quality Demand	Domestic Commitment
						Existing Funding	Recommended Incremental Funding				
1	Nigeria	TB/HIV	NGA-H-SFHNG	US\$	509,716,728	20,345,004	18,259,838	315,871,299	26,331,622	127,285,250	310.1 million for HIV 59.2 million for TB
			NGA-H-NACA			128,013,763	162,774,359				
			NGA-H-ARFH			7,962,691	0				
			NGA-T-ARFH			18,607,442	81,776,033				
			NGA-T-IHVN			18,916,529	53,061,069				

02 Summary of the deliberations of the Secretariat's Grant Approvals Committee (GAC) on funding recommendations

Introduction

1.1 The Nigeria portfolio is currently facing substantial systemic operational issues and risks. At the date of this report, the Office of the Inspector General (OIG) is in the process of auditing the Global Fund's grants to Nigeria. In addition, based on a referral by the Secretariat following findings from a mandated spot check by the Local Fund Agent, the OIG is conducting an investigation on a government sub-recipient. Furthermore, at the date of this report, the OIG is following its Stakeholder Engagement Models to share pertinent information to ensure the appropriate parties are aware of the risks facing Global Fund-financed programs and that the necessary safeguards are in place before the publication of resulting Office of the Inspector General reports.

1.2 Technical Review Panel review. The TB/HIV concept note for Nigeria was submitted in September 2014, reviewed and determined to be strategically focused and technically sound by the Technical Review Panel (TRP) in October 2014 during the window 3 review meeting. The TRP, upon its review, highlighted issues for the applicant to clarify or address during grant-making. The GAC considered and endorsed the TRP's recommendations and provided an additional level of review. At the time of its first review, the GAC set the upper-ceiling funding amount for grant-making, awarded incentive funding taking into consideration TRP recommendations on the prioritization of the above allocation request, and identified other issues for the applicant to consider during grant-making.

1.3 During grant-making, the applicant refined the grant documentation, addressed issues raised by the TRP and GAC, and sought efficiencies where possible. In its second review, the GAC reviewed the final grant documentation for disbursement-readiness and confirmed that the applicant addressed issues requested for clarification by the TRP to its satisfaction. Additionally, the GAC endorsed the reinvestment of efficiencies in the areas recommended by the TRP. The efficiencies found during grant-making total US\$56.8 million and will go toward increases in investment in the areas of TB and HIV prevention, program management, the supply chain integration project, building the resilience of the health information system through scale-up of District Health Information System (DHIS2) and surveys, and capacity-building for financial management as well as for monitoring and evaluation.

1.4 GAC review and rationale for recommendation (i). The GAC presents the Nigeria TB/HIV grants for Board approval at this critical stage to prevent program disruption when the current grants end in December 2015, while fully acknowledging the substantial effort needed to address OIG findings and recommendations. For further explanation, see paragraph 2.10. Against the aforesaid background, the Secretariat reports to the Board through this document that the following grants, resulting from the Nigeria TB/HIV concept note, have been found to be disbursement-ready through a thorough review process and in consultation with partners. In its final review of the Nigeria TB/HIV grants, the GAC considered the preliminary findings of the 2015 OIG audit and investigation, the risk mitigation measures taken to date, and the unique implementation challenges facing Global Fund and other donor supported programs in Nigeria. The GAC acknowledged that long term financing of the Nigeria TB/HIV program is critical in furtherance of the Global Fund's mission and underscored the critical role of investments in Nigeria in advancing the fight against TB and HIV epidemics on a global level. However, the GAC also emphasized that effective and efficient use of Global Fund resources is paramount and the protection of Global Fund assets is integral to achieving highest impact against the TB and HIV epidemics at state, national and global levels. In this regard, GAC recognizes that the preliminary OIG findings will have profound ramifications for how the Global Fund works in Nigeria. While financial risk management is being substantially mitigated with the establishment of a fiscal agent, more work will be required in understanding the root causes of the identified systemic risks and their resulting effects on the programs and achieving the mission of the Global Fund in Nigeria. In addition, strengthening engagement, collective ownership and a coordinated approach between technical and development partners in the risk mitigation process is key.

1.5 GAC review and rationale for recommendation (ii). The GAC provided the following recommendations and guidance to complement the set of actions that would need to be undertaken in response to the OIG findings, in addition to the conditions linked to the grants for the Board approval:

- High-level political engagement and leveraging Global Fund investments for accountability. The GAC recommends the approval of the Nigeria TB/HIV grants, as a timely opportunity to renew the relationship between the Global Fund and the Government of Nigeria, and stressed the importance of country ownership in defining a way forward that leverages political engagement at presidential, ministerial and state levels to ensure more effective accountability and management of Global Fund investments for the highest possible impact.
- Differentiation for strengthened management of the Nigeria portfolio. The GAC acknowledged that the Nigeria TB/HIV program is one of the most important Global Fund portfolios given the high disease burden, potential for impact on the global epidemics, and significant resources invested through the recommended allocation and incentive funding. Further to this mission, the GAC stressed the importance of accelerating the differentiation of the Global Fund grant management processes in Nigeria and ensuring that the right Secretariat resources are in place to manage the portfolio. The GAC was informed that the recruitment of state-level fund portfolio managers was being finalized and the Secretariat resources have been strengthened.
- Strengthened safe-guards and early warning mechanisms. The GAC stressed the need for strengthened safeguards with early warning mechanisms so that the OIG audit is not the only time that the full scale of major risk issues are discussed, and further highlighted the need for implementation of corrective actions before breakdown of internal assurance processes occurs.
- Adjustments to implementation arrangements in response to preliminary OIG findings. In light of preliminary OIG findings, the GAC also recommended that adjustments to the implementation arrangements be made including in the approach to supply chain management, as well as in the strengthening of operational capacity and monitoring and evaluation of key program outcomes, with the involvement of a full range of stakeholders, the Government of Nigeria and partners.
- Development of a detailed action plan in collaboration with technical and development partners. The GAC emphasized that a standard approach to risk mitigation will not be adequate in managing country risks across the Nigeria portfolio, and requested that the Secretariat work with the OIG in developing a detailed action plan in collaboration with the Government of Nigeria as well as technical and development partners. GAC added the need to define a joint strategic framework that would bring fundamental change to mitigating risks arising out of systemic challenges in Nigeria, laying out a roadmap and milestones for the medium- to long-term.
- Additional assurance through strong conditions in the grants. For additional assurance, the GAC also stressed the need for strong conditions in the grants of relevant Principal Recipients, indicating that the Global Fund shall have the right, at any time during the implementation period, to establish new requirements on financial and programmatic assurance and to modify operational arrangements for the Nigeria TB/HIV program, including those based on agreed management actions from audit and investigation reports prepared by the OIG.

1.6 Outstanding grant-making to access remaining allocation. It should be noted that while the applicant, through the TB/HIV concept note submitted, has requested to access Nigeria's full 2014 allocation for TB and HIV, the funding recommended by the Secretariat in Table 1 presented above does not exhaust Nigeria's full allocation, and the Secretariat through a separate report to the Board may recommend further funding for Nigeria's TB and HIV programs from the country's remaining allocation. In this regard, the Secretariat acknowledges that the current funding model is designed for one submission per disease, which translates into one grant-making process to arrive at the disbursement-ready grant(s) for funding recommendation and approval. However, the GAC endorsed the proposed approach with the consideration that it will preserve flexibility for the Secretariat to address uncertainties and potential needs associated with a differentiated approach, strengthened risk mitigation and potential OIG findings in implementing the TB and HIV programs. Potential areas of further investment are:

- Continuation of the supply chain integration project, and extension into year 2 of the program;
- State-specific grants supporting the Nigeria TB/HIV program (as part of differentiated approach mentioned below); and unfunded quality demand, as recommended by the TRP.

The GAC commended in-country stakeholders for the hard work that went into preparing the Nigeria TB/HIV program for implementation, commenting that further high-level government engagement and monitoring of health and disease expenditures would be necessary to track delivery of counterpart financing and willingness-to-pay commitments.

Nigeria TB/HIV Grants (NGA-H-NACA, NGA-H-ARFH, NGA-T-ARFH, NGA-T-IHVN and NGA-H-SFHNG)

2.1 Epidemiological context. With a population of over 170 million, Nigeria is the most populous country in Africa and has high burdens of both HIV and TB including multidrug resistant TB (MDR-TB), with 3.46 million people living with HIV and 0.5 million cases of TB in 2013; these TB and HIV burdens are the second largest in Africa. Nigeria has a very young population, with 40 percent of the population under 15 years of age, and is also highly urbanized, with 50 percent of Nigerians living in urban areas; additionally, there is a variety of languages and traditions among Nigeria's 389 ethnic groups, which gives the country an extremely diversified cultural mix that influences the behavioral and epidemiological drivers of the TB and HIV epidemics. While rates of the generalized HIV epidemic remain high, they are steadily declining, with national prevalence dropping from 5.8 percent in 2001 to 3.4 percent in 2012. However, ART and prevention of mother-to-child transmission coverage remain low at respectively 33 percent and 21 percent in 2013. TB rates are also high in Nigeria, with the 2012 prevalence survey indicating TB prevalence of 322 per 100,000 population (three times the WHO estimate) and incidence of 338 per 100,000 population. The reported TB/HIV co-infection rate was 22 percent in 2013 and the low coverage of both HIV and TB services presents a formidable challenge for the country in controlling both epidemics. Geographical stratification of the epidemics and high levels of stigma for key population groups are additional obstacles facing these programs. Given the high prevalence rates of HIV and TB, as well as a growing population, the success of the Nigeria TB/HIV program is essential for global efforts to fight these diseases.

2.2 Strategic focus of the program. During this implementation period, the TB/HIV program will prioritize high burden states in Nigeria to:

- Reduce new HIV infections and improve the quality of life for those infected with and affected by HIV;
- Provide Nigerians with universal access to high-quality, patient-centered prevention, diagnosis, and treatment services for TB, TB/HIV, and drug-resistant TB by 2020; and
- Contribute to the restoration of public confidence in primary health care services in Nigeria, and thereby reverse declines in the utilization of primary health care facilities.

Following consultation with a full range of stakeholders, the Nigeria TB/HIV program plans to address capacity gaps, respond to diverse epidemiological contexts at state and district levels, and enhance sustainability in the country through activities and interventions such as:

- HIV prevention for key populations, including provision of condoms and lubricants, management of HIV and sexually transmitted infection through static and mobile centers, and contribute to scaling-up ART to reach 227,518 patients out of the national target of 1.5 million people on ART by the end of 2017;
- Scale-up of prevention of mother-to-child transmission services, including outreach and early infant diagnosis;
- Implementing activities targeting young women and girls, including gender-sensitive provision of services;
- Expanding TB prevention and treatment services through the support of private-public partnerships and communities engagement, including a scale-up of TB diagnosis and treatment to ensure notification of 600,586 TB cases;
- TB screening for all people receiving ART, as well as testing all TB patients for HIV and placing all those who test positive on treatment;
- Strengthening partnerships to advocate for increased government commitment and ownership of the program;
- Gathering strategic information and program monitoring, including surveys; and
- Building institutional capacity and developing leadership within the community sector, etc.

In order to address the needs of this large and complex portfolio, the Secretariat is working on the Nigeria programs with a differentiated approach by selectively engaging provincial governments with state-specific grants to develop more locally targeted interventions.

2.3 Impact and outcomes. Expected impact and outcomes include scale-up across the continuum of care for TB, HIV and TB/HIV co-infection, and aim to achieve:

- Reduced AIDS-related mortality per 100,000 population to from 116 in 2013 to 70 by 2017;
- Reduced number of people aged 15 to 24 living with HIV from 3 percent in 2013 to 1.7 percent in 2017;
- Reduced percentage infants born to HIV-positive mothers with HIV from 27 percent in 2013 to 13 percent in 2017;
- Increased case notification of all forms of TB per 100,000 population from 57 in 2013 to 153 by 2017;
- Increased percentage of culture-positive drug-resistant TB cases who have a negative culture at the end of eight month of treatment will increase from 63 to 69 percent;
- Decreased TB/HIV co-infection mortality rates per 100,000 population from 11 in 2012 to 9 in 2017; and
- Increased access by key populations, including women and girls, to HIV counseling and testing to 80 percent by 2020.

2.4 Operational risks, challenges and mitigation measures. As mentioned above, the Secretariat acknowledges that Nigeria TB/HIV programs face substantial systematic and operational issues and risks. The Secretariat identified key risks of the Nigeria TB/HIV program, including:

- Grants historically not achieving impact targets given levels of funding, including key national indicators, such as ART and TB diagnosis;
- Fiduciary risks, and Government Principal Recipients struggling to oversee countrywide disease responses;
- Insufficient capacity to ensure that basic health services are in line with normative guidance and national standards;
- Inadequate monitoring and evaluation, poor data quality and quality of electronic health information systems; and
- Systematic weaknesses and risks in procurement and supply chain management systems.

The Secretariat worked with all TB and HIV Principal Recipients as a part of the grant-making process to incorporate mitigating actions to these risks as a part of the grant design. These actions include:

- In collaboration with partners, updated epidemiological data will be established so that targets are aligned with the country disease context.
- A fiscal agent has been installed to help build the capacity of federal Principal Recipients, as well as improve financial efficiency and reporting. After the fiscal agent completes two semesters (in quarter two of 2016), the duties of the fiscal agent and Local Fund Agent will be reevaluated for a tailored and effective distribution of duties.
- To address the poor quality of health care, the proposed programming includes provision for assessments of these services to determine concrete areas for improvement.
- The full amount (US\$10 million) needed to address the electronic health information system selected, DHIS2, had been provided in the proposed grants. However, in response to OIG findings, the Global Fund has recently ceased work with a key government agency in the implementation of this activity and plans are currently being developed to strengthen data reporting systems outside of DHIS2.
- Furthermore, as supply chain management was identified as an area of significant impact on targets, the supply chain management integration project is ongoing, in addition to interim mitigation measures. In addition, recognizing that 60 percent of the proposed grants covers investments in procurement of health products and commodities, all such procurement will continue to be conducted through Pooled Procurement Mechanism (PPM).

2.5 OIG audit and investigations, findings and mitigation measures (i). In the operational context of substantial systemic issues and risks described above, the OIG is in the process of auditing the Global Fund's grants to Nigeria. In addition, the OIG is conducting an investigation on a government sub-recipient, as a result of a referral to the OIG by the Secretariat following findings from a mandated spot check by the Local Fund Agent, as mentioned above. The OIG process has revealed evidence pointing to instances of fraud and misappropriation of grant funds by said sub-recipient. The Secretariat takes these interim findings very seriously and, in response, has frozen all disbursements to the sub-recipient under investigation. Furthermore, the Global Fund will provide no further funding to the affected sub-recipient unless and until actions to establish controls and assure no recurrences are confirmed, including structural changes and robust risk mitigation measures to address the underlying root causes are in place. The OIG is currently completing its analysis of the transactional data sample and will soon begin drafting its letter of findings. Subsequently, the Secretariat will ensure that a full recovery of funds is pursued.

2.6 OIG findings and mitigation measures (ii). Additional issues currently identified as part of the OIG investigations and audits include significant control weaknesses at the levels of both Principal Recipients and sub-recipients specifically in the areas of supply chain, non-health procurement, financial and programmatic management. In order to mitigate risks identified in the interim findings, the Secretariat is working closely with the OIG on preparing a detailed action plan, to be further refined in conjunction with the Government of Nigeria as well as technical and development partners. Ongoing efforts to manage and mitigate risks will continue in the short-term, with the following additional risk mitigation measures to be implemented in the near future:

- Adjustments to the implementation arrangements of supply chain management for federal government Principal Recipients;
- Broadening the remit of the fiduciary agent team to include procurement specialists for NACA, increasing the role of the Local Fund Agent and potentially the full outsourcing of non-health procurement management; and
- Strengthening implementation capacity and monitoring of the key program outcomes with the involvement of partners.

Further adjustments to the operating arrangements of the portfolio, including all assurance providers, will be made as required by the final findings of the OIG audit. These measures are further to those already taken to date in 2015, including:

- The installation of a fiduciary agent to ensure that program funds are spent in strict compliance with Global Fund policies and in line with work plans and budgets;
- Building the financial capacity of Principal Recipients;
- Contracting of firms to increase the functionality of the national supply chain under the supply chain integration project;
- Retendering and close management of external audit arrangements; and
- Increased resourcing of internal audit teams.

As cited above, a further innovation launched in 2015 is the Secretariat's state engagement approach that is being introduced in selected high-burden states (starting with Lagos State) to optimize the implementation arrangements between state and federal levels. The OIG also noted that the Nigeria portfolio presents an important opportunity for the Global Fund Secretariat to develop a differentiated approach to grant management in order to address inherent challenges, which are related to the size and complexity of the portfolio.

2.7 OIG findings and mitigation measures (iii). In addition, in response to the findings of a 2011 audit and investigation by the OIG, which revealed unsupported and ineligible expenditures of US\$2.6 million across four Principal Recipients, following the subsequent inability to recover said US\$2.6 million, US\$5.2 million has been withheld from the Nigeria allocation for this implementation period. This is in line with the management decision, reported to the Board at its Thirty-Third meeting³, to apply a reduction of

³ Report of the Thirty-Third Board Meeting GF/B33/24.

funding of twice the outstanding recoverable amounts (“2:1 reduction of funding”), as an exceptional measure to resolve difficult recoveries cases.

2.8 Domestic contributions. The counterpart financing share based on commitments of the Government of Nigeria’s contribution in the next phase, and on the assumption that the full requested allocation funding in this concept note is approved, is 44 percent for HIV and 33 percent for TB, which meets the minimum threshold requirement. Total domestic financial commitments are US\$310.1 million for HIV and US\$59.2 million for TB, representing a 25 percent increase since the previous implementation period. Financial support for the HIV and TB programs from the Government of Nigeria include:

- Purchase of HIV test kits, ARVs, prevention interventions and commodities
- Investments in strengthening the health systems, such as renovation of facilities, trainings, and program coordination
- Staff salaries as well as TB human resources for health and procurement
- First-line anti-TB drugs and isoniazid for TB preventive therapy

The incentive funding awarded by the GAC stipulates that the government of Nigeria is required to match the incentive funding amount of US\$26,331,622 with domestic funding contributions at federal or state levels. These amounts have not yet been released given that no federal ministers were in place for the Secretariat to engage with in the finalization of mechanisms to leverage domestic financing and document government commitments in the time between the transfer of power on 29 May 2015 and the inauguration of ministers on 11 November 2015. In this regard, all relevant amounts are clearly conditioned in the appropriate grant confirmations. These combined funds will be used to expand the Nigeria TB/HIV program’s reach of:

- HIV treatment, care and support as well as prevention for the general population and prevention of mother-to-child transmission;
- TB care, prevention and treatment, as well as MDR-TB;
- Procurement and supply chain as well as program management; and
- Health management information systems.

2.9 GAC review and recommendations (i). In its review of the concept note, the GAC endorsed the TRP’s recommendations, based on the finding that the Nigeria TB/HIV concept note is technically sound and strategically focused. In addition, the GAC underscored the TRP’s comments that the program closely review its implementation plans and targets in the context of partner investments; continue to engage key populations to develop focused programming; consider the integration of prevention of mother-to-child transmission with reproductive, maternal, neonatal and child health; and strengthen TB case finding rates and community services. The GAC acknowledged the response to these comments developed during grant-making, through the inclusion of measures in the grant such as:

- Thorough coordination among key funders of TB/HIV programming, including PEPFAR, the World Bank and the Government of Nigeria Donor at the national and state level;
- The adoption of a combination HIV prevention package, which includes rights-based, evidence-informed, and community-owned programs that use a mix of biomedical, behavioral, and structural interventions, prioritized to meet the current prevention needs of particular individuals and communities, adapted to country- and state-level contexts;
- State-level piloting of integrated prevention of mother-to-child transmission program with those for reproductive, maternal, neonatal and child health programs, which will be used to update national guidelines; and
- Sharing of best practices from Nigeria’s TB high-burden states to facilitate TB case finding and community services, incorporated into a revised DOTS expansion plan.

2.10 GAC review and recommendations (ii). While acknowledging the challenges and significant efforts required to strengthen risk mitigation and develop management actions to address OIG findings and recommendations, GAC presents the Nigeria TB/HIV grants for Board approval at this critical stage, to prevent program disruption when the current grants end in December 2015. The GAC recognizes that Nigeria’s high disease burden of HIV and TB has important impact on the global epidemics and that disengaging Nigeria or halting the launch of the new grants to Nigeria to deliver the proposed targets in the

HIV/TB concept note is not a preferred option at this stage if the Global Fund is to fulfil its mission. GAC has also taken into consideration GAC partners' expressed support for the Nigeria TB/HIV program moving out of grant-making and into implementation, as it follows an extensive negotiation process that has lasted over one year since the concept note was submitted in September 2014, and reviewed by the TRP in October 2014. Furthermore, the GAC recommends the Nigeria TB/HIV grants for the Board approval at this moment, to ensure continuity of essential services and accelerate scale-up as outlined below:

- Continuity of essential services. As of June 2015, Global Fund support provides ART for 153,000 people living with HIV, TB treatment for 140,000 patients, with an additional 489 MDR TB patients on treatment. The grants will therefore ensure continuity of services for patients on life-saving treatment including ARVs, TB medicines and critical health products for opportunistic infections, and laboratory reagents for clinical monitoring.
- Timely acceleration of programmatic scale-up. Investments will enable the program to kick-off the anticipated scale-up in high burden states, expected to increase coverage in TB and HIV care through Global Fund supported facilities as reflected in the first semester targets for the proposed grants. The program will in particular, invest in overall ambitious TB notification targets required to respond to a threefold increase in the estimated disease burden reported in the 2012 TB prevalence survey, from one of the lowest levels in the world (TB case detection is currently at 17 percent).
- TB/HIV integration. TB/HIV integration is a critical component under the new grants. To support the planned scale-up from early 2016 in both the HIV and TB programs (including TB/HIV activities), new treatment sites will be established and diagnostic centers upgraded and strengthened, including procurement of GeneXpert machines and other laboratory equipment, the international procurement of which requires long lead time.
- Early Infant Diagnosis (EID). This proposed grants provide an opportunity to improve performance for EID where 6737 HIV exposed infants will benefit from this service during the first semester of the grants. These numbers seem marginal but are crucial in propelling the program to enhance EID from unacceptably low coverage levels.
- Investing in building resilient systems for health. The ambitious and important Nigeria Supply Chain Integration Project, with support from the Government, plans to integrate and strengthen health supply chains across the health system. The project management office has been set-up and the three capacity building service provider firms selected and activities implemented since October 2015. Timely implementation of the Nigeria Supply Chain Integration Project is required to accelerate the planned improvements in national supply chain systems, including better engagement and support to the States in setting-up Logistics Management Coordination Units.

2.11 GAC review and recommendations (iii). GAC partners emphasized that it will be essential to coordinate among donors and technical partners to ensure effective and efficient program implementation, and to enhance synergy and complementarity, rather than duplication between funding streams. The GAC noted the challenge of programs responding appropriately to epidemiology and key populations in the absence of reliable data, but GAC partners support the scaling up both TB and HIV programs. The GAC and partners also noted the opportunity to scale-up and improve the integration of prevention of mother-to-child transmission activities. Additionally, GAC partners were in agreement that the highly stigmatized and challenging legal environment needs to be addressed during this implementation period and committed to provide support. The GAC also noted the efforts among partners to adequately address hepatitis B and C in the context of the TB and HIV programs as well as data gathering on the epidemics. Furthermore, GAC partners underscored the importance of mobilizing financing, building capacity and investing in proportion to disease burden at the state level.

2.12 GAC review and recommendations (iv). In its review of the disbursement-readiness of the Nigeria TB/HIV grants, the GAC also noted the change in financial arrangements for the accounts of Principal and sub-recipients who are departments, ministries or agencies of the Government of Nigeria, whose individual accounts are being opened at the central bank, as mandated by the Nigerian Presidency, and will replace the accounts previously held with commercial banks. The GAC was informed that, to ensure compliance with Global Fund policies, discussions between the Secretariat and the Government of Nigeria are ongoing regarding operational issues related to interest payments and cash transfers from accounts at the central bank. In addition, all affected Principal and sub-recipients have been instructed to comply with the directive

and the Secretariat will follow up with high-level political engagement with the relevant Ministries of the Nigerian Government to facilitate its timely implementation, ensure effective flow of funds and mitigate risk of program interruption.

This document is part of an internal deliberative process of the Global Fund
and as such cannot be made public.