Electronic Report to the Board

Report of the Secretariat's Grant Approvals Committee

GF/B35/ER03
Board Decision

PURPOSE: This document proposes two decision points as follows:

1. GF/B35/EDP03: Decision on the Secretariat's Recommendation on Additional Funding from the 2014 Allocation[1]

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

[1] Afghanistan HIV, Lesotho TB/HIV, Madagascar HIV, Malaysia HIV, Namibia malaria, Nepal HIV, Nepal malaria, Nepal TB, Pakistan HSS, Peru TB, REDCA+ HIV and Uzbekistan HIV. Total incremental amount is US$83,202,961.

I. Decision Points

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

1.1 Set forth below is the Secretariat's recommendation to approve additional funding up to an amount of US$83,202,961.

Decision Point: GF/B35/EDP03: Decision on the Secretariat's Recommendation on Additional Funding from the 2014 Allocation

The Board:

1. *Approves the incremental funding recommended for each country disease component, and its constituent grants, as listed in Table 1 of Section IV to GF/B35/ER03 ("Table 1");*

2. *Acknowledges each country disease component's constituent grants 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 Global Fund policies;*

3. *Affirms the incremental funding approved under this decision (a) increases the upper-ceiling amount that may be available for the relevant implementation period of each country disease component's constituent grants, (b) is subject to the availability of funding, and (c) shall be committed in annual tranches; and*

4. *Delegates to the Secretariat authority to redistribute the overall upper-ceiling of funding available for each country 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 funding request initially reviewed and recommended by the TRP.*

This decision does not have material budgetary implications for the 2016 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 points is submitted to contextualize the decision points proposed in Section I above.

Relevant Past Decision Point	Summary and Impact
(none)	(n/a)

[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/)

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 (applicable only if the TRP requested clarifications)

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	Grant Name	Currency	Grant End Date	Total Program Budget	Existing Funding	Incremental Amount for Board Approval	Recommended Total Incremental Funding	Incentive Funding Included in Total Incremental Funding	Unfunded Quality Demand	Domestic commitment
1	Afghanistan	HIV/AIDS	AFG-H-UNDP	US$	31 December 2017	8,690,986	436,790	8,254,196	8,254,196	0	0	n/a
2	Lesotho	TB/HIV	LSO-C-MOF	US$	30 June 2018	64,412,923	51,982,822	4,169,061	10,280,120	3,149,164	0	93.5 million
			LSO-C-PACT	US$	30 June 2018		2,149,981	6,111,059				
3	Madagascar	HIV/AIDS	MDG-H-PSI	US$	31 December 2017	17,640,077	3,220,558	4,883,096	11,762,755	5,489,635	0	16.7 million
			MDG-H-SECNLS	US$	31 December 2017		2,656,764	6,879,659				
4	Malaysia	HIV/AIDS	MYS-H-MAC	US$	31 December 2018	2,849,843	2,849,843	0	0	0	0	157.2 million
5[3]	Namibia	Malaria	NMB-202-G03-M	US$	31 December 2017	4,507,867*	3,989,181	518,686	518,686	n/a	n/a	12.39 million
6	Nepal[4]	HIV/AIDS	NEP-H-SCF	US$	15 March 2018	23,959,687	12,563,099	11,396,588	11,396,588	n/a	0	2.05 million
7		Malaria	NPL-M-SCF	US$	15 March 2018	9,288,714	8,927,648	361,066	361,066	n/a	0	1.45 million
8		TB	NPL-T-SCF	US$	15 March 2018	11,136,542	7,971,507	3,165,035	3,165,035	n/a	0	10.8 million

[3] The Namibia malaria grant is a simplified application with no material reprogramming.
[4] The Nepal HIV, malaria and TB grants were submitted collectively as a simplified application in order to conduct program reviews, develop national strategic plans and mobilize partnerships in preparation for the next funding cycle.

9	Pakistan	HSS	PAK-S-HPSIU	US$	30 June 2018	6,363,846	0	6,363,846	6,363,846	0	0	94 million
10	Peru	TB	PER-T-SES	US$	30 June 2019	13,858,066	2,125,624	11,732,442	11,732,442	0	0	330.8 million
11	REDCA+	HIV/AIDS	QRC-H-SISCA	US$	30 June 2019	3,350,971	172,829	3,178,142	3,178,142	n/a	0	n/a
12	Uzbekistan	HIV/AIDS	UZB-H-RAC	US$	30 June 2018	16,471,723	281,637	16,190,086	16,190,086	0	0	29.5 million

02 Summary of the Deliberations of the Secretariat's Grant Approvals Committee (GAC) on Funding Recommendations

The following grants resulting from 12 funding requests, including one regional concept note, have been found to be disbursement-ready by the Global Fund Secretariat in a thorough review process and in consultation with partners.

The concept note for each country component was submitted for review, reviewed by the TRP and determined to be strategically focused and technically sound. 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 bearing in mind TRP recommendations on the prioritization of the above allocation request, and identified other issues for the applicant to consider as the grant was prepared to be disbursement-ready.

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 one of the following: (i) the areas recommended by the TRP; (ii) in other disease components of the same applicant – in the case that the TRP did not provide such recommendations; or (iii) into the general funding pool. Lastly, in accordance with GF/B35/DP03, the GAC review includes assessment of risk and mitigation measures to ensure adequate assurance that the planned implementation can be fulfilled.

Each applicant has met the counterpart financing requirements as set forth by the Eligibility and Counterpart Financing Policy. Domestic commitments for disease-specific and health-related spending are subject to local currency value fluctuations against US dollars and Euro.

Afghanistan HIV Grant: United Nations Development Programme (AFG-H-UNDP)

1.1 The strategic focus of the program. The estimated HIV prevalence among the general adult population in Afghanistan was less than 0.1 percent in 2013. Injecting drug use was and remains to be the main driver of the concentrated epidemic that the country has; Afghanistan is known to be the world's leading producer of opium and heroin, which are easily accessible to the people in the country. Besides drug cultivation, trade and use, there are several other underlying factors of vulnerability in the country, including poor knowledge about HIV prevention, care and treatment, as well as limited access to sexual and reproductive health education. The lack of knowledge is aggravated by one of the lowest literacy rates (85 percent illiterate) in the world. HIV prevalence rates among key populations vary with key risks associated with both unsafe injecting and high-risk sexual practices. The overall security challenges specific to Afghanistan, the country's punitive policies against populations at highest risk of HIV transmission and strong stigma and discrimination against people living with HIV and AIDS make it difficult to provide services to the key affected populations. The goal of the Afghanistan HIV program, implemented by United Nations Development Programme (UNDP), is to maintain prevalence of HIV below 0.1 percent among general population and below 5 percent among populations at highest risk of HIV transmission. Some of the expected key achievements of the program include the following:

- Increasing safe injection practices at last injection among people who inject drugs from 78.2 percent in 2012 to 95 percent in 2017;
- Increasing the coverage of comprehensive harm reduction packages for people who inject drugs from 22 percent in 2015 to 40 percent in 2017 in 10 target provinces;
- Increasing the coverage of prevention services among people in prisons from 8 percent in 2015 to 52 percent in 2017 in 10 target provinces;
- Increasing coverage of TB screening for people living with HIV from 19 percent in 2015 to 90 percent in 2017; and

- Increasing the percentage of people living with HIV known to be on treatment 12 months after initiation of ART from 87 percent in 2014 to 90 percent in 2018.

1.2 Operational issues, risks and implementation challenges. Afghanistan is considered to be a challenging operating environment due to the political instability, civil unrest and armed conflicts that cause high levels of safety and security challenges. In order to ensure that investments are reaching beneficiaries and achieving impact, the Country Coordinating Mechanism selected UNDP through an open and transparent process. Specific risks and mitigation measures related to the implementation of this grant include the following:

- Poor data quality and insufficient monitoring and evaluation systems: the grant includes work plan tracking measures in the performance framework as well as risk management actions in the grant agreement to ensure strengthening of data systems and processes for monitoring and evaluation of public health programs, and effective and timely implementation of activities. Geographic mapping and description of implementation arrangements for existing and proposed interventions will provide better clarity on addressing key programmatic gaps and avoiding duplication with other funding sources.
- Inadequate quality of certain health services: to address the risks related to voluntary testing and counseling and overdose prevention programming, actions will be taken for increased coordination with partners to ensure that voluntary testing and counseling is integrated into the basic package of health services along with the essential health products that are required. Technical assistance will be made available for the national programs to set up policies and processes ensuring greater access to overdose prevention services.
- Human rights issues and limited access to health services for key populations: the Secretariat has ensured that funds are earmarked for geographical expansion and coverage scale-up of existing interventions for people who inject drugs, including for reach-out activities to women who inject drugs, prisoners and men with high-risk behavior; reestablishment of service provision for women with high-risk behavior; as well as for technical support to develop strategies that address specific needs of women who inject drugs and that address issues of violence and sexual exploitation of minors.
- Sub-recipient management: to mitigate risks, the Principal Recipient, UNDP, will procure various pharmaceutical and non-pharmaceutical health products under the grant, so that residual risk remain only for in-country supply management and quality control.

The Secretariat considers the mitigation actions as being adequate for the given circumstances and the country context, and notes that program implementation by the new Principal Recipient, UNDP, will be closely monitored, especially regarding the timely finalization of the capacity assessment of sub-recipients and signing of Principal and sub-Recipient agreements to avoid interruption and/or delays in delivery of essential prevention services.

1.3 Performance incentive payments. The grant budget contains incentives in the total amount of US$28,000 for five provincial communicable disease control coordinators in five new provinces, which do not have provincial HIV coordinators. Performance incentive payments are for the additional work that these coordinators will undertake for the Global Fund grant, additional to their regular duties. It is seen as a more cost-effective alternative to hiring Global Fund grant dedicated staff. If this model proves efficient, the Ministry of Public Health will absorb these additional costs. The use of funds for the performance incentive payments is subject to review and approval by the Secretariat according to the grant agreement.

1.4 Domestic contributions. Afghanistan was granted an exceptional waiver to the counterpart financing and willingness-t0-pay requirements for the implementation period of 2015 to 2017 due to the absence of national disease accounts and in light of the exceptional economic and political crisis, affecting both the ability of the country to contribute and the ability of the Secretariat to track those contributions. Afghanistan is in the process of developing national health accounts under the HSS grant in order to enable reporting of counterpart financing and country's own contribution. No further sustainability plans are being developed during current implementation period.

1.5 GAC review and recommendations. The GAC and partners acknowledged the commendable progress made by the program during grant-making processes in addressing issues raised by the TRP and

GAC. GAC partners drew attention to the issue of poor quality health data, specifically the presently limited and unreliable data on key populations, and noted the catalytic potential the grant (with a specific objective to develop a national monitoring and evaluation plan) is expected to make in this area. It was recognized further by GAC partners that national systems would require further reinforcement of cross-sectorial collaboration during implementation, both by the Secretariat and in-country, regional and global level partners. GAC also noted the need to support service integration and to enhance collaboration with other donor funded programs in the country. In addition, GAC partners welcomed the opportunity of the incoming Principal Recipient to reinforce engagement with in-county partners on gender and human rights issues and use it as an opportunity for all partners to collaborate in this difficult operating context. The Secretariat assured partners that, going forward, partners would be consulted in the development of activities to ensure that gender- and human rights-related investments would be aligned. Lastly, it was recognized by the GAC partners that the sustainability planning, while important, is not feasible at this stage of the country's development and should be taken into account in the development of the funding request for the next allocation period. The Secretariat assured the GAC and partners that, the Global Fund will continue to support capacity and necessary systems development of national programs with the long-term goal of their transitioning to national entities.

Lesotho TB/HIV Grants: Ministry of Finance (LSO-C-MOF) and the Pact Institute (LSO-C-PACT)

1.6 Epidemiological context. In 2013, Lesotho was ranked as the country with second highest HIV prevalence among people aged 15-49 years at 22 percent of the population. The epidemic is largely heterosexual and heterogeneous with females, particularly young women, being disproportionately affected and infected at younger ages than men. The national coverage of prevention of mother-to-child transmission is at 73 percent; however, 69 percent of all deaths among children under age of five in Lesotho take place before a child's first birthday. In 2013, the estimated TB incidence in Lesotho ranked the second highest globally, with the main driving force of the TB epidemic being HIV. The estimated TB mortality rate in HIV-positive patients was 250 per 100,000 population, greatly exceeding the regional average, and TB prevalence was estimated at 613 per 100,000, also twice the average rate for the region. The cumulative number of reported multidrug resistant TB (MDR-TB) cases from 2007 to 2013 were 814, 88 percent of which were laboratory confirmed, and all cases started second-line treatment.

1.7 The strategic focus of Lesotho TB/HIV program is to, by 2018, reduce new HIV infections by 50 percent, HIV-related mortality by 50 percent and to mother-to-child transmission of HIV to below 2 percent, as well as to reduce TB prevalence and mortality rates by 25 percent and 50 percent respectively, compared to the 2012 rates. To reach these goals, the proposed programming, to be implemented by the Ministry of Finance of Lesotho as well as civil society Principal Recipient the Pact Institute Inc, includes:

- Rolling out the "test and start" strategy;
- Supporting primary HIV prevention in adolescent girls and young women as key component of eliminating mother-to-child transmission of HIV;
- Provide critical enablers to support MDR-TB patients and incentives to treatment supporters.
- Integrate service delivery, trainings and supervision.
- Strengthening social and community engagement and galvanize community, traditional and religious leaders.
- Using multiple approaches, intensify awareness and improved knowledge on HIV/AIDS and TB;

Planned achievements of the proposed programming are:

- Reducing HIV incidence among 15 to 49 year olds from 2.2 percent in 2014 to 1.5 percent in 2018;
- Reduce TB mortality per 100,000 population from 64 in 2014 to 50 in 2018;
- Improving contact tracing from an estimated 47 percent in 2013 to 66 percent in 2018;
- Ensuring 68 percent of people living with HIV are receiving ART at the end of 2018 up from 40.3 percent in 2015; and
- Having zero drug stock-outs and improving drug forecasting quantification.

1.8 Operational issues, programmatic and implementation risks. At the GAC's initial review of the Lesotho TB/HIV program following its TRP review, it was noted that despite past investments, the epidemiological situation for TB and HIV in Lesotho remains extreme and impact has been low. To address this, mitigating measures to address identified challenges include:

- High-level advocacy to institutionalize collaboration between entities and actively seeking synergies between partners;
- Successfully increasing absorptive capacity from 70 to 95 percent under the Ministry of Finance and from 45 to 67 percent under the Pact Institute;
- Supporting the development and roll-out of a decentralized, defined accountability framework, with ongoing mentoring as well as tailored risk management and oversight by the Secretariat;
- The reinstatement of the national AIDS council, with the help of UNAIDS and further support for the council to assume its leadership and coordination role;
- Enhancing active case finding and treatment retention; and
- Increased attention given to cross-cutting interventions for community strengthening, and resilient and sustainable systems for health.

1.9 Domestic contributions. The estimated funding need for the national HIV and TB program of Lesotho in the next implementation period is US$374.88 million comprising of US$358.2 million for HIV and US$16.68 million for TB program. Total domestic financial commitments amount to US$93.5 million, which represents 25 percent of total resources available for the next implementation period government commitments related to HIV and TB represent a 104 percent increase compared to the previous implementation period. Lesotho continues to be heavily dependent on external resources to finance both the HIV and TB programs and current available are not sufficient to meet the increasing funding requirements. However, the Government of Lesotho continues to make progress in increasing its contributions, which exceed the willingness-to-pay requirement even with the backdrop of economic challenges in the region. During this implementation period, the domestic financing will cover all first-line TB treatment and is taking increasing responsibility for a significant share of the recurrent costs of ARV procurement, increasing their share to 70 percent under this allocation. Additionally, the Government of Lesotho has taken certain initiatives and is exploring other actions to cover existing resource gaps and improve longer term sustainability of the programs. This includes:

- Development of a National Health Financing Strategy with support from Irish Aid to outline mechanisms to mobilize additional financial resources for the health sector;
- Enhancing efficiencies and targeting of resources through improved synergies amongst cross-cutting systems to ensure coordination of resources mobilized from different sources and streamlining service delivery systems; and
- Efforts to leverage private sector resources for health from mining and services industries.

1.10 GAC review and recommendations. The GAC and partners noted the challenges facing Lesotho given such high burdens of TB and HIV, commending the collaboration of the two disease programs through joint planning as well as the country's co-financing commitments. The issue of interventions focused on adolescent girls and young women was highlighted by the GAC and partners as a priority area in which savings can be reinvested, taking into account that the country has now set specific gender-disaggregated targets. The GAC was informed that the Secretariat is planning regional-level examination on how to improve the quality of interventions for adolescent girls and young women to build on lessons learned by other countries with high HIV burdens in this population, to complement strategies proposed and refocus any reinvested efficiencies in this program. GAC partners encouraged the Secretariat to provide sustained support for expansion of the laboratory systems, including lab specimen transport and quality of screening for TB cases. Further to this, GAC partners noted that a collaboration between the TB and HIV programs offer the opportunity to identify and address pockets of hyper-endemicity. GAC partners noted that the TB epidemic is closely linked to mining as well as co-infection with HIV, encouraging the program to actively seek cases to treatment and improve testing of HIV-positive individuals for TB. The increased collaboration between government ministries and new epidemiological data was acknowledged by GAC partners, which are anticipated to improve programming. GAC partners raised the issue of low HIV testing rates, particularly among sex workers, leading to Lesotho acting as a radial point for HIV infections in the region. The Secretariat pointed to the inclusion of sub-recipients under the civil society grant who have

experience working with sex workers as well as advocacy with the objective of increasing testing and treating for this population.

Madagascar HIV Grants: Population Services International (MDG-H-PSI) and Secrétariat Exécutif du Comité National de Lutte contre le VIH/SIDA (MDG-H-SECNLS)

1.11 Strategic focus of the program. Madagascar has a relatively low national HIV prevalence of 0.3 percent among the general population; however, HIV prevalence rates are higher among key populations, including men who have sex with men, people who inject drugs and sex workers. The goals of the Global Fund-supported program are, by the end of 2017, to:

- Reduce the number of new HIV infections among key populations who are the most exposed to the risk of HIV and among the general population by at least 50 percent;
- Reduce the proportion of HIV-infected infants born to HIV-positive mothers to less than 5 percent; and
- Increase the proportion of people living with HIV who are alive and on ART at 12 months after treatment initiation to 95 percent.

Expected outcomes of the planned programming include:

- Reducing the percentage of men who have sex with men living with HIV from 14.80 percent in 2014 to less than 10 percent in 2017;
- Reducing the percentage of sex workers living with HIV from 1.30 percent in 2012 to less than 0.29 percent in 2017;
- Reducing the percentage of people who inject drugs living with HIV from 7.10 percent in 2012 to less than 5 percent in 2017.

1.12 Implementation arrangements. The Country Coordinating Mechanism of Madagascar elected to continue implementation using the same two Principal Recipients that managed the Round 8 grants, with Secrétariat Exécutif du Comité National de Lutte contre le VIH/SIDA (CNLS) as the government entity and Population Services International as the civil society entity. The Secretariat supports the decision to continue with this arrangement, based on the Principal Recipients' experience with the program, their increased collaboration and given the limited options for Principal Recipients with adequate technical and program management capacity.

1.13 Operational issues and risk. To mitigate risk in Madagascar, (including poor coordination between Principal Recipients; weak management of sub-recipients; weak national monitoring and evaluation systems; limited financial capacity and weak procurement and supply chain management systems), the following mitigating actions have been taken:

- Secretariat coordination with in-country partners, including the Principal Recipients, national HIV program and UNAIDS during implementation to ensure that the program data is regularly reviewed and the quantification assumptions are revised to keep track of changes in patient enrolments;
- A management action has been included requiring the Principal Recipient to share the stock status reports for all commodities before orders are confirmed;
- Provision of technical assistance to build the capacity of both the Principal Recipient and the national program in the areas of quantification and procurement and supply chain management.
- Specific technical assistance for HIV monitoring and evaluation is planned to support the national program to review and strengthen the data collection and reporting system for HIV, to ensure that the country can monitor service delivery along the prevention and care cascade, and track progress towards achieving the UNAIDS 90-90-90 goals; and
- The investment of approximately 10 percent the Global Fund allocation for this period toward health system strengthening activities to increase the capacity and functioning of the overall health system, and specifically in procurement and supply chain management and monitoring and evaluation systems.

Additional assurance is provided by the historical knowledge and reliability of the Local Fund Agent team, and the introduction of a fiscal agent in country for the malaria grants.

1.14 Domestic contributions. Total domestic commitments for the HIV program amount to US$1.5 million representing 1 percent of total resources available for the next implementation period. Government commitments across all three diseases represent a 169 percent increase compared to the previous

implementation period. Government contribution is primarily for compensation of program staff and program management overheads of the national HIV council and program.

Malaysia HIV Grant: Malaysian AIDS Council (MYS-H-MAC)

1.15 Strategic focus of the program. The HIV epidemic in Malaysia, one of the country's most serious health and development challenges, is largely concentrated among key populations: people who inject drugs, men who have sex with men, transgender people and female sex workers. The goal of the Global Fund-supported program, implemented by the Malaysian AIDS Council, is to strengthen quality of HIV prevention and care services to key populations through the adoption of the case management approach which has been successfully piloted with men who have sex with men in Malaysia. Specifically, the objectives of this program are to demonstrate the results of case management approach for people who inject drugs, sex workers and men who have sex with men. Context-specific strategies and activities to support this goal include:

- Finding and encouraging men who have sex with men, sex workers, people who inject drugs and sexual partners of people who inject drugs and men having sex with men to test and enroll in treatment;
- Establishing of a case management system, which involves a scaled-up program to recruit key populations to HIV testing and treatment, supporting adherence and retention to ART, and to methadone maintenance therapy among opioid people who inject drugs;
- Establishing linkages and relationship building between non-government organizations, government and private health services to coordinate efforts to reach, test and assist enrollment in and adherence to treatment for key populations;
- Enhancement of social protection and reduction of stigma and discrimination towards key population through engagement with law enforcement, health service providers, relevant public officials and civil social stakeholders.

Expected achievements of the planned measures, to be compared against the baseline which will be established by early 2017, include:

- Increased viral load suppression at 12 months after treatment initiation to 85 percent among people who inject drugs within the targeted areas;
- Increased viral load suppression at 12 months after treatment initiation to 85 percent among MSM within the targeted areas; and
- Increased viral load suppression at 12 months after treatment initiation to 85 percent among sex workers within the targeted areas.

1.16 Domestic contributions. Total domestic financial commitments for the HIV program amount to US$157,200,000 representing 97 percent of total resources available for the next implementation period and a 15 percent increase compared to the previous implementation period. The government of Malaysia will fund more than 95 percent of the costs of the new national strategic plan to end AIDS with the provision of all commodities for HIV prevention. The Ministry of Health has committed to continue to fund the procurement and supply of these commodities including condoms, needles, syringes and safe injection kits until the end of 2018.

Namibia Malaria Grant: Ministry of Health and Social Services (NMB-202-G03-M-00)

1.17 Strategic focus of the program. Namibia is moving toward a path of malaria elimination. Specific population sub-groups are at greater risk of malaria, namely: populations that are under-served with malaria services in hard-to-reach areas due to the difficult terrain and poor road infrastructure, populations that cross borders from the malaria high burden countries of Angola and Zambia to the north, and small nomadic populations. The goal of the Namibia malaria program, implemented by the Ministry of Health and Social Services, is to reduce the incidence of malaria to below 1 case per 1,000 population by 2017. Projected outcomes of the planned programming include:

- Achieving coverage of 95 percent of focus populations protected with at least one appropriate vector control intervention by 2017
- Reducing confirmed malaria incidence per 1,000 population from 249.7 cases in 2002 to 1.9 in 2017.
- Decreasing the number of malaria-related deaths from 1,504 in 2002 to 4 or less in 2017

The national malaria program of Namibia is complemented by the Elimination 8 regional grant, which is working to set up health posts along the country's borders.

1.18 Operational issues, risks and implementation challenges. The Namibia malaria program has been challenged in the past by a weak program management and financial oversight at the Principal Recipient (PR) level. To address this, the Secretariat is working closely with the new Minister and Permanent Secretary of the Minister of Health to institutionalize improved financial and programmatic management. The PR is in the process of:

- Organize training for use of the Principal Recipient/Country Coordinating Mechanism (CCM) dashboard for regular reporting and action-planning;
- Establishing processes to work with - the new CCM oversight committee, who will take an active role in monitoring grant implementation;
- Improving financial management through better human resource staffing practices and the implementation of the Global Fund financial management capacity-building exercise.

1.19 Audit by the Office of the Investigator General (OIG). There are pending recoveries of US$869,091 for the malaria and TB/HIV grants following an audit by the OIG. The country does not dispute the recoveries decision and has committed to pay in 2016. This amount was not part of the allocation.

1.20 Domestic contributions. Total domestic financial commitments amount to US$12.39 million, which represents 64 percent of total resources available for the next implementation period. The counterpart financing share based on commitments of government contribution in the next phase and on the assumption that the full requested indicative funding in this funding request is approved, is 72 percent, exceeding the minimum threshold requirement of 60 percent for an upper-middle-income country. Namibia faces significant macroeconomic and fiscal challenges in the backdrop of the global economic crisis, lower revenues from the Southern African Customs Union (SACU) and excess volatility in exchange rates and currencies. Despite these constraints, the budget for Ministry of Health increased by 17 percent in 2016 and the government's medium-term expenditure framework projects further prioritization of health. Domestic revenues fully finance treatment, diagnosis and implementation of vector control activities. To the Ministry of Health is conducting a restructuring to absorb staff positions funded through the grant to the government payroll by end of 2017.

1.21 GAC review and recommendations. The GAC and partners supported the approach of the Namibia malaria program, commending the country for programmatic progress and impact achieved in moving towards a path for malaria elimination. GAC partners noted that the country is focusing on case management and, though there remains high risk of malaria cases being imported from neighboring countries, the program takes this into account as well, focusing on higher transmission areas and vulnerable populations. GAC partners also noted that while Namibia is making steady progress on the path towards malaria elimination, the impact of cross-border malaria has the potential to undermine the country's malaria elimination efforts especially along the shared borders with countries with higher malaria disease burden. Acknowledging that cross-border malaria is a key programmatic risk, GAC commended Namibia's role in strengthening regional efforts for malaria elimination (including through the Global Fund supported regional malaria elimination program - Elimination 8) and stressed the need to invest in interventions that would sustain low transmission levels in the country. The financial management challenges being addressed by the country were also highlighted by GAC partners. The GAC was informed that the government is creating a number of staff positions related to an extensive health worker program and determining where they will be distributed, as well as aligning the salaries paid to employees of the Global Fund program with local salary scales.

Nepal HIV, Malaria and TB Grants: Save the Children (NEP-H-SCF, NPL-M-SCF and NEP-T-SCF)

1.22 Simplified funding request. The Secretariat recommends for Board approval Nepal HIV, TB and malaria programs through grants NEP-H-SCF, NPL-M-SCF and NEP-T-SCF therefore extending their implementation periods through March 2018 to align with national fiscal cycles. These grants currently end

on 15 July 2016 and, given the challenges stakeholders in country faced following the earthquake in April 2015, civil unrest in parts of the country, the Global Fund provided the opportunity for a differentiated and simplified application process to access 2014-2017 allocation. This would allow technical partners to assist in updating national strategies in order to prepare for the next allocation cycle, while the current request will be focused on extending existing relevant strategies and core activities.

1.23 Strategic focus of the Nepal HIV program. The proposed strategies and activities of the Nepal HIV program form the core of the response to a concentrated epidemic, with the goal of achieving optimized uptake of the reach, recommend, test, treat and retain strategy, aligning with the UNAIDS strategy for 90-90-90 and combination prevention by 2020. Context-specific activities and strategies include: the:

- Increasing the number of enrolled patients in ART
- Expanding prevention of mother-to-child transmission services; and
- Improving access to services for key populations.

Planned achievements of the proposed programming include:

- Increasing the percentage of people living with HIV known to be on treatment 12 months after initiation of ART from 83.7 percent in 2015 to 90 percent in 2017;
- Increasing the percentage of HIV-positive pregnant women who received ART to reduce the risk of mother-to-child transmission from 35 percent in 2015 to 96 percent in 2018; and
- Increasing the percentage of TB patients who had an HIV test result recorded in the TB register from 8.8 percent in 2014 to 100 percent in 2018.

1.24 Strategic focus of the Nepal malaria program. The main objective of the request for the Nepal malaria control program is to consolidate the gains achieved so far and reorient the program from control to elimination, focusing on the establishment of a case-based surveillance system. The program's activities include:

- The distribution of long lasting insecticidal nets (LLINs);
- Behavior change communication campaigns;
- Diagnosis and treatment; and
- Capacity building of all partners, including community-based nongovernmental organizations, and the private sector.

Planned achievements of the proposed programming include:

- Reducing the number of confirmed malaria cases by microscopy or rapid diagnostic test per 1,000 population from 0.13 in 2014 to 0.06 in 2017;
- Maintaining zero inpatient malaria deaths annually; and
- Increasing the proportion of population with access to an insecticide-treated net within their household from 72 percent in 2013 to 80 percent in 2017.

1.25 Strategic focus of the Nepal TB program. The funding request for the TB program provides appropriate focus for vulnerable and most-at risk populations, with the goal of decreasing TB incident by 20 percent by 2020 from 2015 figures. Context-specific strategies and activities in this program include:

- Increasing new smear positive case detection rate through active case finding by expanding use of GeneXpert and mobilizing FCHVs in the community to screen household TB contacts;
- Scaling-up TB diagnostics through laboratory expansion, procurement and wider use of GeneXpert, adding another 14 machines to the program;
- Decreasing the burden of multidrug, extensively drug-resistant and first-line TB by scaling-up treatment centers to all GeneXpert sites and district-level hospitals;
- Engaging partnerships between public facilities and the private sector through ensuring collaboration and alignment with the national TB program, specifically to ensure TB case reporting from private clinics.

Planned achievements of the proposed programming include:

- Maintaining the treatment success rate of 90 percent;

- Increasing bacteriologically confirmed or clinically diagnosed case notification rate of all forms of TB per 100,000 population from 135.6 in 2013-2014 to 148 in 2017; and
- Decreasing TB incidence from 158 in 2015 to 151.7 in 2017 and maintaining TB prevalence per 100,000 population at 215.

1.26 Implementation arrangements. Given serious challenges with the functioning of the Country Coordinating Mechanism (CCM) in recent years, the CCM was deemed ineligible for funding in early 2015. The Nepal portfolio was placed under the Additional Safeguard Policy allowing the Global Fund more flexibility in decision-making on a number of important issues, including the nomination of a Principal Recipient. As a result, in June 2015, Save the Children Foundation was appointed by the Global Fund as the Principal Recipient for all three grants in Nepal. This funding request has been received from the current Principal Recipient, Save the Children, who has worked closely with stakeholders to inform the content. For the next implementation period, Save the Children will continue as Principal Recipient, benefitting from relationships established over the last 12 months. Save the Children will contract with between six and 29 sub-recipients under each of the three grants, which is a significant reduction in the number of sub-recipients from the previous grants. Save the Children is currently finalizing the selection of sub-recipients based on prior experience and risk mitigation objectives, and as such, parts of the budget and work plan to be implemented by sub-recipients still need to be finalized. The Secretariat has put forward a management action requiring the Principal Recipient to submit and agree on a detailed budget with the Global Fund, for the use of funds prior to disbursements to sub-recipients. The Secretariat will work with the Principal Recipient to ensure an effective coordination mechanism for work with all sub-recipients but also technical partners and other bilateral and multilateral partners engaged in the national programs and the broader health sector, to ensure the alignment and harmonization of investments to maximize impact. In the meantime, the Secretariat is working on the modalities of a non-CCM approach in Nepal until the CCM can be deemed eligible, while coordinating with the country implementers and partners on reforming the CCM to address in particular issues of conflict of interest, a proper mechanism of grant oversight and to establish a proper platform for taking into account the inputs of the civil society representatives.

1.27 Operational issues and risks. As Nepal is considered a high-risk environment, the Secretariat will work with the Principal Recipient and partners to ensure a holistic risk mitigation plan is defined and implemented. The Principal Recipient, as an international nongovernmental organization, already provides additional controls and safeguards. The Local Fund Agent is tasked with increased controls of procurement processes and expenditures review to ensure the safety of funds. In the coming months, as the Secretariat works with partners to look at the long-term sustainability of financing of the national programs in Nepal, a key feature will be to define what strengthened controls would be needed to safeguard funds in the future. Further risk mitigation measures include the provision of technical assistance to:

- Properly design interventions for key populations based on updated size estimates and geographical information;
- Scale-up prevention of mother-to-child transmission services;
- Increase the capacity of the Principal Recipient's program management units as well as the national disease programs.

1.28 Review by the Office of the Investigator General (OIG) and Outstanding Ineligible Expenditures. The OIG, considering the significant issues mentioned above, decided to conduct a pro-active review in Nepal, and has been meeting regularly with the Secretariat since May 2014. The initial scheduled date of the pro-active review in Nepal has been postponed due to the two earthquakes and civil unrest; however plan to commence in the very near future. In addition, under two Ministry of Health grants, NPL-H-NCACS and NPL-T-NTC, a total of US$153,188 and US$87,268, respectively, were identified as ineligible expenditures by the Secretariat. These amounts have been requested from the Ministry of Health, but have not yet been recovered. The Secretariat continues to pursue recovery to the fullest extent and is evaluating options for resolution.

1.29 Domestic contributions. Domestic contributions toward HIV, malaria and TB amount to US2.05 million, US$10.8 million and US$1.45 million accounting, respectively, for counterpart financing shares of 9, 60 and 14 percent. For the HIV program, government contributions go toward focused interventions for key populations (such as people in prisons); the training of health workers; the scale-up of ART, prevention

of mother-to-child transmission and opioid substitution therapy sites; the procurement of medications for sexually transmitted and opportunistic infections; and human resource support. For the malaria program, government contributions go toward indoor residual spraying programs; training in microscopy testing; competency assessment; and human resource support. For the TB program, government resources go toward DOTs modular training and the procurement of related medicine and equipment; 50 percent of the funds for the prevalence survey; and human resource support.

1.30 GAC review and recommendations. The GAC expressed support for the Nepal funding requests for the HIV, TB and malaria programs and the proposed differentiated approach, acknowledging the challenging environment. The GAC highlighted the importance of national programs to take ownership, lead and deliver interventions, and coordinate effectively between partners to achieve both immediate success and long-term sustainability. The GAC and partners acknowledged that partners must collaborate intensely and effectively to provide a basic framework of support to Save the Children as Principal Recipient and the national programs to maximize the chances of success. In particular, the GAC recognized the need for, and committed to, reinforced technical support to national programs from partner headquarters as well as local country offices. The GAC welcomed the initiative to revitalize a formal platform for coordination through a successor to the CCM; however, engagement and collaboration for national programs is needed on an ongoing basis to ensure country ownership. The GAC and partners expressed concern about the low absorptive capacity of grants, noting that this was, to some extent, due to delays by the Ministry of Health and national programs signing relevant grant agreements in the past and that future collaboration will further support an increased absorption rate. Additionally, the GAC noted that data management capacity is weak and stressed that the efficiency of investments could be strengthened through further support to cross-cutting health information and other systems interventions, with pilots already underway by partners. The GAC recognized the importance of this work for all programs, the cross-cutting benefits and agreed that savings could be used in addition to budgeted amounts to invest in the initiative and scale-up the pilot to further critical districts. Barriers to accessing services, including gender barriers, were noted as a mutual concern among GAC and partners that need to be further addressed.

1.31 GAC review and recommendations. In regards to disease-specific programming, GAC partners expressed support for the proposed interventions and committed to further work with the Secretariat and in-country stakeholders to support scale up in services for prevention of mother-to-child transmission, early infant diagnosis and ART. The GAC anticipated the reprioritization and refocus of HIV activities for key populations based on updated data that will be available later this year, including the reprogramming of funds and adjustment of targets. The GAC and partners noted that the HIV testing for the TB patients remains a challenge and commended the effort to strengthen screening, counseling, contact tracing and referral systems. In regards to the TB program, GAC partners noted that the TB notification rate among children remains very low and recommended further rapid scale-up of core TB interventions and targets, while stressing that the success is dependent on the government capacity to address implementation issues quickly and effectively. The GAC partners noted that as the country moves towards malaria elimination, the national malaria program would need to re-focus specific activities to address cross-border cases of malaria. Although the current request is focusing on the continuation of existing activities, the GAC partners expressed support for the operational research will inform updates of relevant strategic documentation to underpin a roll out and scale up in a funding request to the Global Fund with the next allocation period. Lastly, the GAC and partners reiterated that sustainability remains a big concern and underlined that program success is contingent upon national entities taking ownership of disease control efforts.

Pakistan HSS Grant (PAK-S-HPSIU)

1.32 Strategic focus of the program. Despite improvements in the health outcome indicators over the past decade, the health system in Pakistan faces a number of challenges. Many of the challenges have stemmed from the verticality of the response to AIDS, TB and malaria. The major challenges were related to lack or low capacity of institutionalized oversight bodies, high overhead costs and duplications in areas that could be more efficient, reporting and information systems not sufficient for logistics management or epidemiological reporting. The goal of the Pakistan program for health systems strengthening, to be implemented by the Ministry of National Health Services, Regulations & Coordination of Pakistan, is to ensure adequate timely provision of good quality prevention and treatment services to respond to AIDS, TB

and malaria, particularly for the vulnerable and marginalized populations through enhancement of the governance, management and coordination of various decision-making and coordinating bodies of the health systems in Pakistan. The grant focuses primarily on optimizing storage and distribution through the construction of a prefabricated warehouse (62 percent of the request) and an integrated health management information system to move away from the presently fragmented and vertical information system (13 percent of the request). Planned outcomes of the proposed programming include progress towards integrated approach to program implementation, cost effective and sustainable governance, management, information systems, and procurement and supply chain management for the three programs.

1.33 Implementation arrangements. The health system of Pakistan was fully devolved to the provinces with abolishment of the central Ministry of Health in 2011. To address institutional fragmentation, a new ministry was created at the federal level, known as the Ministry of National Health Services, Regulation and Coordination, under whose jurisdiction the three national disease programs fall. Integrating the health information, improving storage condition are necessary; however, there are several uncertainties, especially in the development and evolution of the relationship between the federal and provincial authorities, which could hinder effective implementation of the grant. The Principal Recipient proposed, the Health Planning System Strengthening and Information Analysis Unit (HPSIU) is under the Ministry of National Health Services, Regulation and Coordination and is new to the Global Fund. Its capacity is being built with the help of the national TB program, who will oversee the implementation of the grant until December 2016.

1.34 Operational issues and risks. To mitigate risks associated with construction of the prefabricated warehouse and the integrated health management information system will be preceded by, respectively, a feasibility study and assessment, and submission of detailed budget and plan. The disbursement of funds toward these projects are contingent upon Global Fund approval of these operational plans, as outlined in the grant agreement. Broader risks include, but are not limited to, achieving grant output targets, inadequate Principal Recipient governance and oversight, delays in implementation and low absorption of funds. The Secretariat and Local Fund Agent will work closely to monitor the situation at both the national and provincial level, keeping in mind that alternative implementation arrangements, such as working directly with the provinces, may need to be made in the long-term.

1.35 Domestic contributions. Total domestic financial commitments for the HIV, TB and malaria amount to US$94 million, which represents more than 27 percent of total resources available for the next implementation period and a 50 percent increase compared to the previous implementation period.

1.36 GAC review and recommendations. The GAC took note of this grant's unique challenges and risks, commenting on the opportunity for the investments in building the resilience and sustainability of health system in Pakistan to act as a catalyst for system-wide changes. The GAC was informed that the staff of the Principal Recipient, HPSIU, will work within the national TB program offices in order to build capacity and their progress will be assessed in December 2016 to ensure adequate implementation capacity. GAC added the need for regular monitoring of progress to ensure that proposed risk mitigation measures are implemented as planned, and any emerging issues dealt with in a timely manner or escalated for management decision-making as appropriate.

Peru TB Grant: Socios en Salud sucursal Perú (PER-T-SES)

1.37 Strategic focus of the program. Peru has the second highest TB burden in the PAHO region after Brazil, with an estimated prevalence, incidence and mortality per 100,000 population in 2014 of 158, 120 and 7.2, respectively according to the WHO country profile. The main key and vulnerable populations are prisoners, urban slum residents, contacts of TB patients and healthcare workers. The goal of the TB program in Peru, to be implemented by civil society Principal Recipient Socios en Salud (Partners in Health), is to decrease TB incidence and mortality in prioritized scenarios and improve control of the disease in highly vulnerable groups with the specific objectives of:

- Strengthening the response to TB in prisons through intensive interventions, and articulated and targeted strategies; and
- Consolidating a comprehensive and innovative response for the control of people affected with multidrug resistant TB and extensively resistant TB.

Context-specific strategies and activities to support this goal include:

- Strengthening health services to improve coverage, timeliness, care quality and the provision of comprehensive care;
- Strengthening TB and drug-resistant TB diagnosis;
- Addressing social determinants that favor or affect TB;
- Improving case detection, diagnosis and access to treatment; and
- Conduct prevention activities for MDR-TB.

Expected achievements of the planned programming include reducing rates of TB incidence and mortality per 100,000 population, respectively, from 120 and 7.2 in 2014 to 108 and 6.3 in 2018.

1.38 Domestic contributions. Total domestic financial commitments for the national TB program of Peru amount to US$330.8 million, representing 96 percent of total resources available for the next implementation period and a 20 percent increase compared to the previous implementation period. The Ministry of Health purchases all drugs for all sectors and subsectors in Peru, with any increase in needs to be taken up by the government.

REDCA+ HIV Grant: Secretaria de la Integración Social Centroamericana (QRC-H-SISCA)

1.39 Strategic focus of the program. Central America has reported 130,410 people living with HIV in 2014. The prevalence in general population varies in the seven countries from 1.2 percent as the highest in Belize to 0.3 percent as the lowest in Costa Rica and Nicaragua. The HIV epidemic is largely concentrated among men having sex with men with a prevalence rate varying from 7.5 to 17.1 percent in the region. Legal barriers to access both HIV care and prevention especially for key populations have been identified in seven countries that might be related to the inexistence of a protective legal framework or to the inadequate implementation of existing policies and laws that result in vulnerabilities of people living with HIV and human rights violations. The goal of the Global Fund-supported program is to improve the promotion, defense and guarantee of the human rights of people living with HIV with the specific objectives of:

- Strengthening the technical and legal capacities of people living with HIV and their organizations to participate in the promotion and defense of the human rights of people living with HIV through oversight, social auditing and political advocacy at the regional and sub-regional level;
- Promoting improvements to legal frameworks, public policies and their implementation to reduce violations of the human rights of people living with HIV and contributing to justice and non-discrimination against people living with HIV, irrespective of gender, age, ethnic group, geographic location, gender identity or sexual orientation; and
- Strengthening the REDCA+ sub-regional system to contribute to the sustainability of actions.

1.40 Sustainability. Currently, REDCA+ only has resources from the Global Fund. However, sustainability has been built into the grant goals and performance framework to ensure that REDCA+ can continue its work irrespective of Global Fund financing. A requirement is included in the grant agreement that the use of Grant Funds to finance the activities related to sustainability, is subject to:

- The delivery by the Principal Recipient to the Global Fund no later than 30 September 2016 a plan outlining the measures, activities and detailed budget to be undertaken by the Principal Recipient; and
- An update on the implementation of this plan every six months throughout implementation, that includes but is not limited to the legal status of the regional organization REDCA+ and information about resources mobilized by the regional organization REDCA+ as a result of fund-raising efforts.

In addition, the program includes a workplan tracking measure that the Principal Recipient secure bilateral agreements between REDCA+ and interested organizations in HIV, human rights, gender and stigma and discrimination to contribute to the sustainability of the program by providing funds for REDCA+ services and projects.

Uzbekistan HIV Grant: Republican AIDS Center (UZB-H-RAC)

1.41 Program context. The Uzbekistan HIV program initially submitted a reprogramming request to the TRP in Window 2 in July 2014, and the TRP recommended that an iteration being submitted due to the lack of sufficient data to understand the epidemiological situation, the activities being proposed and how activities would be carried out. The Country Coordinating Mechanism of Uzbekistan requested a one-year costed extension until the end of 2015 in order to provide essential services during the transition to the allocation-based funding model, during which the Secretariat would assist with building the capacity of the proposed Principal Recipient, improve data for key populations, and address risks related to procurement and supply chain management. Additionally, the Secretariat mobilized technical partner, the UNAIDS, for providing technical assistance to Country Coordinating Mechanism and the Principal Recipient for addressing the TRP comments and developing a well-focused concept note for addressing the HIV epidemic in the country. The Uzbekistan revised HIV concept note was submitted in Window 8 in November 2015 and was considered by the TRP to be strategically focused and technically sound.

1.42 Strategic focus of the program. Uzbekistan has a high HIV burden with estimated 32,000 people living with HIV, concentrated largely among key populations, including sex workers, people who inject drugs, men who have sex with men and prisoners. The goal of the Global Fund-supported program, to be implemented by the Republican AIDS Center is to reduce HIV-related morbidity and mortality in Uzbekistan with the specific objectives of:

- Delivering evidence-based, integrated and regionally prioritized HIV prevention and treatment services to key populations groups at risk of HIV and living with HIV;
- Supporting the development of national health infrastructure for sustained, relevant and optimal HIV response; and
- Strengthening community systems and supporting civil society to ensure needs-based, human rights and public health driven and sustainable HIV response with particular focus on key populations.

Expected achievements of the planned programming until the end of funding period include:

- Reducing AIDS-related mortality per 100,000 population from 19.26 in 2014 to 14.5 in 2017; and
- Reducing the estimated percentage of child HIV infections from HIV positive women from 2.51 percent in 2014 to 1.9 percent in 2018.

1.43 Implementation arrangements. The role of Principal Recipient of the Uzbekistan HIV program is transferring from UNDP to a governmental Principal Recipient, the Republican AIDS Center. The Secretariat expects that the new Principal Recipient will continue to engage civil society sub-recipients, which have demonstrated experience and existing capacity to effectively delivering prevention services to the key populations.

1.44 Domestic contributions. Total domestic financial commitments for the HIV program amount to US$29.5 million representing 64 percent of total resources available for the next implementation period and a 49 percent increase compared to the previous implementation period. The government share in ART is currently 30 percent and will gradually reach 40 to 42 percent in 2017. While the country tentatively plans to takeover fully ART during 2018-2019, the feasibility of fully transitioning of ART funding is questionable due to growing number of people living with HIV upon starting implementation of new WHO treatment guidelines. The Secretariat will continue to monitor this situation and ensure that the government contributes sufficient amount of funds for further scale up of ART in Uzbekistan.

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