

# Electronic Report to the Board

## Report of the Secretariat's Grant Approvals Committee

GF/B40/ER04

### Board Decision

Purpose of the paper: This document proposes the decision points as follows:

1. GF/B40/EDP04: Decision on the Secretariat's Recommendation on Funding from the 2017-2019 Allocation<sup>1</sup>
2. GF/B40/EDP05: Decision on the Secretariat's Recommendation on Additional Funding to Finance Unfunded Quality Demand from the 2017-2019 Allocation Period<sup>2</sup>

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<sup>1</sup> The Secretariat recommends the approval of funding from the 2017-2019 Allocation for (i) 3 grants: Dominican Republic TB, Sri Lanka HIV and Nicaragua malaria up to an amount of **US\$13,429,254** of country allocation funding and (ii) 2 multicountry grants (multicountry South East Asia HIV and multicountry UNOPS TB) up to an amount of **US\$22,499,999** of catalytic investments.

<sup>2</sup> The Secretariat recommends the approval of **US\$50,952,149 and €5,068,513** of portfolio optimization funding to be integrated into the Cameroon HIV, Democratic Republic of Congo malaria, Namibia TB/HIV, Niger malaria and Uganda HIV grants. The Secretariat recommends the approval of **US\$5,773,488** of additional investment through private sector contribution to be integrated into the existing Haiti TB/HIV, Haiti malaria and multicountry MOSASWA malaria grants. The Secretariat also recommends the approval of **US\$3,403,543** of additional investment through the Government of Spain's contribution based on the signature and ratification of a Debt2Health Swap on 14 May 2018 to be integrated into the Democratic Republic of Congo malaria grant.

# Decisions

## **Decision Point: GF/B40/EDPo4: Decision on the Secretariat's Recommendation on Funding from the 2017-2019 Allocation**

*The Board:*

1. Approves the funding recommended for each country disease component, and its constituent grants, as listed in the Table 1 of GF/B40/ERo4 ("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 funding approved under this decision (a) is subject to the availability of funding, and (b) 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.

## **Decision Point: GF/B40/EDPo5: Decision on the Secretariat's Recommendation on Additional Funding to Finance Unfunded Quality Demand from the 2017-2019 Allocation Period**

*The Board:*

1. Approves the revised budget recommended for each grant listed in Table 2 of GF/B40/ERo4 ("Table 2");
2. Affirms the additional 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, and (b) is subject to the availability of funding; and
3. 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 operating expenses.***

# Executive Summary

## Context and Input Received

- The Secretariat recommends the approval of:
  - funding from the 2017-2019 allocation for (i) 3 grants: Dominican Republic TB, Sri Lanka HIV and Nicaragua malaria up to an amount of **US\$13,429,254** of country allocation funding and (ii) 2 multicountry grants (multicountry South East Asia HIV and multicountry Asia UNOPS TB) up to an amount of **US\$22,499,999** of catalytic investments;
  - **US\$50,952,149** and **€5,068,513** of portfolio optimization funding to be integrated into the Cameroon HIV, Democratic Republic of Congo malaria, Namibia TB/HIV, Niger malaria and Uganda HIV grants;
  - **US\$5,773,488** of additional investment through private sector contribution to be integrated into the Haiti TB/HIV, Haiti malaria and multicountry MOSASWA malaria grants; and
  - **US\$ 3,403,543** of additional investment through the Government of Spain's contribution based on the signature and ratification of a Debt2Health Swap on 14 May 2018 to be integrated into the Democratic Republic of Congo malaria grant.

The grants in Table 1 have been found to be disbursement-ready by the Global Fund Secretariat following a thorough review process and in consultation with Partners.

- The funding requests for each country component were reviewed by the Technical Review Panel (TRP) and determined to be strategically focused and technically sound. The TRP, upon its review and when relevant, highlighted issues for the applicant to clarify or address during grant-making and/or grant implementation.
- During grant-making, the applicant refined the grant documents, addressed relevant issues raised by the TRP and Grant Approvals Committee (GAC) and sought efficiencies where possible. For each grant, the GAC reviewed: the strategic focus of the program; operational issues, risks and implementation challenges; domestic contributions; and the final grant documents for disbursement-readiness. The GAC also confirmed that the applicant addressed issues requested for clarification by the TRP or the Secretariat to its satisfaction.
- A list of documents per disease component to substantiate the Board decision is provided below.
  - Funding request;
  - Funding request Review and Recommendation Form;
  - Grant-making Final Review and Sign-off Form;
  - Grant Confirmation; and
  - TRP Clarification Form (applicable only if the TRP requested clarifications).
- The GAC has reviewed the materials associated with the grants in Table 1 and has deemed the grants disbursement-ready. All relevant documents containing the Secretariat's reasons for its recommendations to the Board have been made available on the Governance Extranet and are accessible through [this link](#).
- Portfolio optimization funding recommendations in table 2 have been developed in accordance with the prioritization Framework for Funds that Become Available for Portfolio Optimization and Financing Unfunded Quality Demand approved by the Strategy Committee under GF/SC04/DP02.

## Input Sought

The Board is requested to review the request and agree on a 'no objection' basis, the decision points GF/B40/EDPo4: Decision on the Secretariat's Recommendation on Funding from the 2017-2019 Allocation; and GF/B40/EDPo5: Decision on the Secretariat's Recommendation on Additional Funding to Finance Unfunded Quality Demand from the 2017-2019 Allocation Period.

**Table 1: Secretariat's Recommendation on Funding from the 2017-2019 Allocation** - Please note that each country name is linked to the extranet site where supporting documents are available for review

N	Applicant	Disease Component	Grant Name <sup>3</sup>	Grant End Date	Currency	Total Program Budget	Catalytic Funds in Grant	Domestic Commitment <sup>4</sup>	Unfunded Quality Demand
1	<a href="#">Dominican Republic</a>	Tuberculosis	DOM-T-MSPAS	31/12/2021	USD	4,493,840	N/A	65,136,311	0
2	<a href="#">Multicountry SEA HIV</a>	HIV/AIDS	QMZ-H-AFAO	31/12/2021	USD	12,500,000	N/A	0	957,220
3	<a href="#">Multicountry TB UNOPS</a>	Tuberculosis	QMZ-T-UNOPS	31/12/2021	USD	9,999,999	N/A	0	6,248,347
4	<a href="#">Sri Lanka</a>	HIV/AIDS	LKA-M-MOH	31/12/2021	USD	2,499,878	N/A	19,320,177	61,187
5	<a href="#">Nicaragua</a>	Malaria	NIC-M-REDNICA	31/12/2021	USD	6,435,536	N/A	12,809,045	0

**Table 2: Secretariat's Recommendation on Additional Funding to Finance UQD from the 2017-2019 Allocation Period** - Please note that each country name is linked to the extranet site where supporting documents are available for review

N	Applicant	Disease Component	Grant Name	Additional Funding Source	Currency	Previously Approved Program Budget	Recommended Additional Funding	Revised Program Budget
1	<a href="#">Cameroon</a>	HIV/AIDS	CMR-H-MOH	Portfolio Optimization	EUR	84,148,887	613,013	84,761,900
2	<a href="#">Democratic Republic of Congo</a>	Malaria	COD-M-SANRU	Portfolio Optimization	USD	275,717,435	17,413,509	296,534,487

<sup>3</sup> The Grant names are subject to change based on the ISO code.

<sup>4</sup> Domestic commitments pertain to the disease programs and exclude other specific commitments for RSSH, unless otherwise specified. Commitments for disease specific programs and RSSH are subject to local currency value fluctuation against US dollar and Euro currencies.

				Debt to Health	USD		3,403,543	
3	<a href="#">Democratic Republic of Congo</a>	Malaria	COD-M-MOH	Portfolio Optimization	USD	74,908,613	8,586,491	83,495,104
4	<a href="#">Haiti</a>	Malaria	HTI-M-PSI	Private Sector contribution	USD	21,600,000	750,000	22,350,000
5	<a href="#">Haiti</a>	TB-HIV	HTI-C-PSI	Private Sector contribution	USD	84,112,929	2,250,000	86,362,929
6	<a href="#">Multicountry MOSASWA</a>	Malaria	QPA-M-LSDI	Private Sector contribution	USD	9,780,000	2,773,488	12,553,488
7	<a href="#">Namibia</a>	TB-HIV	NAM-C-MOH	Portfolio Optimization	USD	29,132,416	1,599,000	30,731,416
8	<a href="#">Niger</a>	Malaria	NER-M-CRS	Portfolio Optimization	EUR	44,567,826	4,455,500	49,023,326
9	<a href="#">Uganda</a>	HIV	UGA-H-MoFPED	Portfolio Optimization	USD	248,212,125	23,353,149	271,565,274

# **1. Summary of the Deliberations of the Secretariat's Grant Approvals Committee (GAC) on Funding Recommendations**

1.1 Unless otherwise specified below, each applicant has met the willingness to pay requirements for the 2014-2016 allocation period and the co-financing requirements for the 2017-2019 allocation period as set forth in the Sustainability, Transition and Co-Financing (STC) Policy. The Secretariat will monitor the finalization and realization of commitments over the implementation period. Domestic commitments for disease-specific and health-related spending are subject to local currency value fluctuations against US dollars and Euro currencies. Multicountry grants (comprised solely of catalytic funding) are not subject to willingness to pay or co-financing requirements.

For the following grants, the GAC provided additional guidance or made specific observations to inform the investment decision:

## **Dominican Republic TB - Ministry Of Public Health and Social Assistance of the Dominican Republic (DOM-T-MSPAS):**

### **1.2 Background and context:**

The Dominican Republic reported an estimated TB incidence rate of 45 cases per 100,000 inhabitants in 2017. In the same year, the estimated incidence of Rifampicin resistant/Multidrug resistant tuberculosis (RR/MDR-TB) was reported at 2.1 cases per 100,000 inhabitants, representing 2.3 percent of new TB cases and 34 percent previously treated. The country has a high TB-HIV co-infection burden, with 1,200 estimated cases of TB-HIV co-infection in 2017. As an upper-middle income country with less than high burden, the TB component is receiving Transition Funding for the 2017-2019 allocation period.

The National Strategic Plan (NSP) for TB for the 2019-2021 period is built on the following objectives: i) Preventing and treating sensitive and drug-resistant TB and TB-HIV co-infection in an integrated manner and focused on patients' needs; ii) Designing and implementing policies and support systems for those affected by TB; and iii) Strengthening research and innovation regarding the tools and intervention strategies in order to achieve impact. The country's NSP takes into consideration the transition from the Global Fund financing and focuses on efficiency and sustainability of the programs. With this view, and in order to continue advancing towards the elimination of TB, the Ministry of Public Health and Social Assistance prepared a Transition Workplan for the 2019-2021 period with the following objectives: i) Maintain and expand achievements made to date in TB control throughout the transition phase towards financing with national resources; ii) Implement innovative strategies to make public spending more efficient in the national response to TB; and iii) Mobilize national resources to ensure a complete transition towards financing the national response to TB with domestic resources.

Through these strategies, the grant presented for approval aims to maintain and expand achievements made to date in TB control during the transition phase with national resources.

### **1.3 Co-financing and domestic commitment:**

According to the country's National Development Strategy, the Government is committed to increase health expenditures in order to achieve the spending target of 5 percent of its gross domestic product by 2030. Health expenditure reports and projections indicate that health spending will progressively increase from 18 percent in 2016-2018 to 19 percent in 2019-2021. According to the information submitted by the Dominican Republic, a significant increase of domestic funding for TB will take place during 2019-2021, which is supported by the inclusion of the TB program among those programs using results based budgeting and the signed transition commitments.

The Secretariat acknowledges the Government's strong commitment for fulfilling the co-financing requirements. To monitor this, the Principal Recipient will be requested to provide a yearly report demonstrating compliance with the co-financing commitments and fulfilment of the key milestones

included in the Transition Workplan, including the proportion of government expenditures on the TB program and the gradual absorption of costs of Global Fund-supported activities.

**1.4 GAC Review and recommendations:**

- The GAC acknowledged and welcomed the significant increase of the Government domestic funding and noted the Government's commitments to transition.
- The GAC stressed the need for Partners' support for monitoring results of programmatic achievements and implementation of the Transition Workplan. This would include but not be limited to facilitating procurement processes to avoid stock outs as well as program quality to improve treatment outcomes.
- The GAC noted the anticipated challenges around the Principal Recipient's capacity to achieve inter-institutional agreements with other Government agencies and efficient use of the available domestic and external resources, but encouraged this work to be pursued as currently planned.

**Nicaragua malaria - Federación RED NICASALUD (NIC-M-REDNICA)**

**1.5 Background and context:**

Nicaragua has experienced a steady increase in malaria cases since 2010 (reaching from 692 cases in 2010 to 10,944 in 2017). Given the epidemiological context, the overall goals of the grant is to i) Reduce malaria cases by 90 percent by 2021; ii) Reduce the number of active foci by 84 percent by 2021 and iii) Reduce the rate of positive malaria tests to 0.39 per 100 samples.

Since April 2018 the country has been facing a fragile political context with civil unrest, which has impacted all the Global Fund-supported programs, including the malaria grant. Between April and July there were instances of violence and roadblocks across the country that impeded a normal implementation of program activities. Since mid-July the program has been gradually returning to normal, however tensions in the country persist.

In the context of the civil crisis, the Global Fund has partnered with the Regional Malaria Elimination Initiative (RMEI) led by the Inter-American Development Bank (IDB), with the aim of maximizing the impact of the interventions of the program while reducing the implementation risks. As a result, the Global Fund will purchase LLINs and insecticides to be distributed in areas covered by IDB's financing and the IDB, in return will finance some of the activities originally budgeted under the Global Fund's grant. The grant presented for Board approval will (i) be financing the purchase and distribution of Long Lasting Insecticidal Nets (LLIN), regular Indoor Residual Spraying (IRS), and the scale up of diagnostic testing and treatment, complemented by community interventions in eight municipalities with the highest burden of malaria transmission. These municipalities represent more than 97 percent of all nationally reported malaria cases; and (ii) also purchase LLINs and insecticide for IRS to cover the needs of 28 additional prioritized municipalities.

**1.6 Co-financing and domestic contribution:**

To access the co-financing incentive of US\$965,330 for malaria, Nicaragua needs to invest the same amount over and above its malaria spending in 2016-2018. The Government has provided indicative commitments of the additional investments, which, if realized, would exceed the minimum required amount.

Given the evolving conditions in the country however, there is concern regarding the realization of these commitments. The following mitigation measures have thus been put in place to monitor the realization of the co-financing commitments: i) Endorsement of co-financing commitments by the Ministry of Finance; and ii) Inclusion of a requirement in the Grant Agreement to capture required annual reporting through the Ministry of Finance for reporting.

**1.7 GAC review and recommendation:**

- The GAC noted that the current political climate has already led several donors to withdraw financial support to Nicaragua. Whilst noting the importance of the Global Fund's support to the malaria program to ensure continued treatment and to maintain gains achieved thus far in Nicaragua, the GAC recommended continuous monitoring of the grant and the overall context.

- The GAC appreciated that the Secretariat had explored opportunities for optimizing implementation arrangements with Partners. The GAC stressed that in evolving crisis situations, applying flexibilities in implementation arrangements and Partner engagement were necessary to maximize the potential impact of the programs, whilst safeguarding Global Fund resources and reducing overall risks. In particular, the GAC welcomed the discussions between the Global Fund and RMEI on assessing synergies and coordinating their support to Nicaragua's malaria national plan 2017-2023.

### **Sri Lanka malaria - Ministry of Health, Nutrition and Indigenous Medicine of the Democratic Socialist Republic of Sri Lanka (LKA-M-MOH)**

#### **1.8 Background and context:**

Sri Lanka has been certified malaria-free by the World Health Organization (WHO) since 2016 and this transition grant, which is designed based on a payment for results and NSP support approach, is focused on sustaining the results achieved by the country. The grant aims to i) Prevent re-introduction and re-establishment of malaria and ii) Maintain zero mortality related to malaria in Sri Lanka.

#### **1.9 Co-financing and domestic commitment:**

Sri Lanka fulfils the minimum additional investment to meet the 2014-2016 willingness to pay requirements across the three diseases.

In order to access the 15 percent co-financing incentive of the 2017-2019 allocation period, the Government needs to commit an additional US\$375,000 on malaria. Current government commitments exceed this minimum requirement.

Additionally, as this grant has been designed on a payment for results modality, it should be noted that the grant funds will only be disbursed upon completion of an agreed workplan tracking measures specified in the performance framework of the Grant Agreement and will be used to support other areas of the NSP.

#### **1.10 GAC review and recommendation:**

- Noting the challenges around procurement of small quantities of commodities and health products through domestic funding, the GAC recommended looking into opportunities for innovative solutions, namely Wambo.org, with in-country funding.
- The GAC noted the challenges related to human resources (HR), which is mostly due to the change from pre-elimination to elimination and prevention of reintroduction that requires changes in the HR structure of the Anti-Malaria Campaign. The Government has taken over all HR positions, however, there is a need for developing a human resources and capacity building plan adapted to the prevention of re-introduction phase.
- The performance framework has taken into consideration the key specific challenges identified in the national strategic plan, the Transition Readiness Assessment and TRP issues, related to (i) Procurement of commodities and health products with domestic funding; (ii) Updating operational manuals for surveillance; (iii) Developing a human resources and capacity building plan adapted to prevention of re-introduction of malaria; and (iv) Carrying out a mid-term program review.

### **Multicountry TB Asia UNOPS - United Nations Office for Project Services (QMZ-T-UNOPS)**

#### **1.10 Background and context:**

The proposed multicountry grant includes 5 countries (Cambodia, Lao People's Democratic Republic, Myanmar, Thailand and Vietnam) and seeks to address the burden of TB among migrants in the Greater Mekong Sub-region with a particular emphasis on identifying and treating missing TB cases in the participating countries. The main focus groups are documented and undocumented cross-border migrants and refugees, both in camps and urban settings. The grant has the following objectives (i) Increasing sensitivity of service providers to migrant health; (ii) Improving access to TB services; and (iii) Strengthening monitoring and evaluation of TB in migrants. Finally, the grant will seek to (iv) Support the development of policies and legal frameworks to improve TB care for migrants as well as maintaining partnerships and multicountry frameworks to support TB care in the region.



1.11 GAC review and recommendations:

- The GAC acknowledged that US\$ one million in efficiencies identified during grant-making will be reinvested in health commodities (diagnostics and drugs). The GAC further noted that should there be a need to cover additional gaps in the program these could be considered and addressed later, during grant implementation.
- The GAC acknowledged the uncertainties regarding the coverage of health insurance costs by the government of Thailand and that upcoming elections may affect coverage for migrants.
- GAC Partners noted that technical cooperation has been provided as part of the 5% Initiative of Expertise France and underlined the importance of this grant for addressing the TB epidemic among migrant workers in the Greater Mekong Sub-region. Furthermore, GAC Partners acknowledged the difficulties of aligning priorities among participating countries and voiced some concern regarding the balance and focus of activities.
- Acknowledging Partners' comments, the GAC remarked that the focus of interventions is appropriate in light of the grant's objectives. The GAC appreciated the Secretariat's clarification that the targets presented in this grant are additional to those in the national grants, and further confirmed that multicountry grants should avoid duplications with existing national grants.

**Multicountry HIV SEA AFAO - Australian Federation of AIDS Organizations Ltd (QMZ-H-AFAO)**

1.12 Background and context:

The multicountry HIV grant which covers eight countries in the South East Asia region (Bhutan, Lao, Malaysia, Sri Lanka, Mongolia, Papua New Guinea, Philippines and Timor Leste), builds on existing Global Fund-supported programs in countries for key populations and aims to promote sustainable services specifically for the key populations at higher risk of HIV exposure.

Given that the HIV program coverage for key populations in the region remains far below the targets of ending AIDS by 2030, the grant's goal is to stop new transmissions and AIDS-related deaths by 2030.

To achieve this, the grant focuses on: i) Appropriate scale-up of service delivery for key populations including securing an enabling environment; ii) Ensuring their long-term programmatic and financial sustainability; and iii) Enhancing capacity and leadership on these issues for continued advocacy from within key populations.

1.13 GAC review and recommendations:

- The GAC noted the high management costs associated with human resources and travel, but acknowledged that these costs are partly due to the operating environment across eight countries which require full operational coverage. The GAC highlighted the strategic importance of this grant and the leveraging of the multicountry grant for achieving the goal of stopping new transmissions and AIDS-related deaths by 2030.
- The GAC appreciated the proposed innovative design of this grant, which facilitates continued financing for advocacy efforts at the end of this grant by securing an additional US\$2.5 million from external sources prior to the final US\$2.5 million of this multicountry grant being disbursed.

## **2. Grant Revisions – Integration of Additional Funding into Board Approved Grants**

2.1 The Secretariat has operationalized the Strategy Committee-approved 'Prioritization Framework for Funds that Become Available for Portfolio Optimization and Financing Unfunded Quality Demand'

(Prioritization Framework) through a rigorous and comprehensive process with inputs from Partners and in line with the Strategy Committee decision (GF/SCo4/DPO2).<sup>5</sup>

Through this process, the GAC has recommended interventions for immediate award out of the US\$250 million of funding made available by the Audit and Finance Committee (AFC) pursuant to GF/AFCo7/03, GF/AFCo4/DPO1 and GF/AFCo8/DPO1 for portfolio optimization to fund high impact interventions from the Register of Unfunded Quality Demand. The GAC recommended that in-country optimization be used to finance an additional set of interventions on the register of unfunded quality demand prioritized through this process.

The additional funds will be integrated into existing grants through grant revisions to increase each grant's upper ceiling, subject to Board approval as per standard procedure. The portfolio optimization exercise will be repeated when additional resources are made available by the AFC. Monthly GAC reports to the Board will reflect the GAC's recommendations to the Board for approval of each grant revision integrating additional funds awarded to countries through portfolio optimization. These will be presented for Board approval on a case-by-case basis, the timing of which will be aligned to in-country planning timelines and programmatic needs. Additionally, the Secretariat will continue to report on progress to the relevant Committees of the Board.<sup>6</sup> The following section contains further details around the specific recommendations contained in this report.

2.2 In this report, the Secretariat recommends to the Board additional funding through portfolio optimization award made in July 2018 (AFCo4/DPO1) for Cameroon HIV, DRC malaria, Namibia TB/HIV, Niger malaria and Uganda HIV grants. The GAC confirmed that these awards were in line with the criteria contained in the Prioritization Framework.

#### **Cameroon HIV - Ministry of Health (CMR-H-MOH):**

2.3 HIV prevalence in Cameroon is 4.5 percent among the general population. Based on the 2016 Spectrum, 560,000 people were estimated to be living with HIV in Cameroon. At the end of December 2017, the national HIV program reported a total of 253,000 people living with HIV to be on Antiretroviral therapy (ART) (42 percent coverage) in comparison to 206,000 at the end of December 2016 and 154,000 in 2015.

Given the current status, despite the provision of viral load tests in Cameroon HIV grants (between 23-35 percent of overall need), the gap remains considerable and therefore further viral load tests are prioritized in the UQD register. This additional funding will be used for the procurement and distribution of additional viral load tests to monitor the quality and efficiency of ART for the current cohort and for early infant diagnosis (EID) so as to identify new infections as soon as possible and put them on treatment. This amount will enable 50,000 viral load tests in 2018, 60,000 in 2019 and 80,000 in 2020.

#### **Democratic Republic of Congo (DRC) malaria- Ministry of Health and Soin de Santé Primaires en milieu Rural (COD-M-MOH and COD-M-SANRU)**

2.4 DRC's Register of Unfunded Quality Demand includes prioritization for the implementation of 8 provincial mass campaigns distributions in 2020 in Kongo Central, Kasai, Kinshasa, Maniema, Tshopo, Ituri, Haut-Uele and Bas-Uele, with a total estimated population of 34,234,164, representing 30 percent of the country. The grant revision for DRC, recommended for Board approval, relates to additional investments in UQD as follows:

- Portfolio optimization: integrating portfolio optimization funding into their existing grants in line with the GAC decision from 20 July 2018. Malaria is hyper endemic in Kinshasa and urban/peri-urban campaigns present additional challenges requiring significant pre-planning. Generally, from the Secretariat's experience a 12-month lead time is advisable to ensure sufficient time for procurement and planning of the Kinshasa campaign included for in the first quarter of 2020. Additionally, previous changes in the implementation arrangements have led to delays in planned campaigns in 2017 and 2018 with unanticipated additional costs for the 2018-2020 grants. As a

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<sup>5</sup> Available [here](#). Please note this document is part of an internal deliberative process of the Global Fund and as such cannot be made public.

<sup>6</sup> For further details on the approach to operationalize the Strategy Committee-approved 'Prioritization Framework for Funds that Become Available for Portfolio Optimization and Financing Unfunded Quality Demand' please refer to the GAC report to the Board GF/B39/EDP15.

result, DRC malaria was prioritized for a portfolio optimization award in 2018. The GAC noted that for DRC, the co-financing requirements will be updated to reflect the additional resources being invested into the malaria program. The GAC also noted that there are pending non-OIG recoverables with the Ministry of Health and recommended the award for COD-M-MOH be subject to the Ministry of Health entering into a commitment to repay such amounts.

- Debt2Health: integrating funding from the Debt2Health swap with Spain, which entered into force on 14 May 2018. The funds were contributed by DRC to the Global Fund and subsequently channeled to DRC UQD. In exchange (upon receipt of an implementation report by Global Fund), Spain will cancel a total of US\$8.3 million of bilateral loans owed by DRC.
- Against Malaria Foundation (AMF) contribution: reflecting an in-kind private sector contribution of 11,781,650 nets donated by AMF. The donation is made in two tranches, with 3,343,900 LLINs donated immediately and 8,437,750 LLINs for the period July-December 2019 to be confirmed by AMF before 28 February 2019, based on their evaluation of the advancement of the campaigns of January to June 2019.<sup>7</sup>

Through the leveraging of all of these additional resources, (AMF's full donation, including cooperation with the President's Malaria Initiative (PMI) and other partners, and additional efficiencies in grant implementation), these additional investments should ensure sufficient funding is available to maintain LLIN universal coverage in DRC and ultimately contribute to reduce incidence rate and mortality rate by 40 percent as key objectives of the 2016-2020 national strategic plan.

#### **Namibia TB/HIV - Ministry of Health (NAM-C-MOH)**

2.5 In Namibia given the geography and sparsely-populated context, and the extreme TB burden, field promoters are key to the TB response. In the 2014-2016 allocation cycle, Global Fund financing supported 510 TB Field Promoters in the country on a yearly basis. In the 2017-2019 allocation period this number reduced to 156 in 2018 and 2019 and only 126 in 2020. The gap is considerable, however, due to the current economic context of the country, and it is unlikely that the government will be able to cover this gap.

With this context, the portfolio optimization investment will cover the salaries and work of 150 additional field promoters to be retained over 2 years. These are critical to maintain the achievements in detection rates to date and expand TB case finding as well as treatment support, including for patients with drug-resistant TB. Earlier case detection and commencement of treatment through community health education and TB screening is one of the key interventions to be implemented by these field promoters. This also includes field promoters to conduct TB screening in correctional and other high risk settings to vulnerable populations.

#### **Niger malaria - Catholic Relief Services (NER-M-CRS)**

2.6 Niger has made reducing under-five mortality rates a top priority of the malaria programs. To address this priority, scale-up of Seasonal Malaria Chemoprevention (SMC) in 60 districts, located in 7 regions, is planned. The needs of 60 districts, will be covered by the Global Fund and other partners. The Global Fund partnered with Crush Malaria Initiative to finance AQ-SP (Amodiaquine - Sulphadoxine-pyrimethamine) treatments in 2019 and 2020 to maintain and scale up SMC. Funds currently on the UQD register are to maintain coverage of full Global Fund supported districts in 2020. The funding through portfolio optimization, will be invested in procurement of SMC drugs for 2019 which were initially planned to be funded by Crush Malaria. This will allow the investment from Crush Malaria to be allocated to fund a portion of the gap for 2020 as per the UQD register.

#### **Uganda HIV Ministry of Finance, Planning and Economic Development of the Republic of Uganda (UGA-H-MoFPED)**

2.7 The Portfolio Optimization additional funding, will address gaps in HIV service delivery. Given the epidemiological context, the additional funding will ensure increased access to and coverage of key HIV prevention and control interventions, particularly: i) HIV prevention through improved access to and use

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<sup>7</sup> Implementation arrangements of mass campaigns are well-defined and the Secretariat is confident that, on this basis, AMF shall confirm this second commitment. However, if for unforeseen or political reasons, AMF withdraws the additional purchase of 8.4 million nets, the Secretariat would resume exploration of additional sources of funding.

of condom at high-risk sex; ii) greater availability of HIV test kits and improved programming capacity for HIV testing; and iii) improved access to and retention on HIV care and treatment through strengthened differentiated service delivery models.

### **Haiti malaria - Population Services International (HTI-M-PSI) and Haiti TB-HIV- Population Services International (HTI-C-PSI)**

2.8 Haiti malaria (HTI-M-PSI) and TB-HIV (HTI-C-PSI) grants, managed by Population Services International (PSI), were recommended by the GAC and subsequently approved by the Board in November 2017 through decision point GF/B38/EDP02.

An additional US\$3 million has been made available through Red Nose Day Fund at Comic Relief Inc. to be integrated into these grants with a focus on addressing the needs of women and children. The additional funds are aimed to be invested in the activities defined in the Prioritized Above Allocation Request (PAAR), reviewed and approved by the TRP in March 2018.

#### **Haiti malaria - HTI-M-PSI**

Within the malaria context, the additional investment will allow to increase coverage of bed nets distributed routinely to pregnant women attending ante-natal clinics that are situated in areas with high transmission risk of malaria and not yet covered by the current grant.

#### **Haiti TB/HIV - HTI-C-PSI**

The additional investment for the HIV program focuses on pregnant women and aims to increase adherence to treatment and improve treatment outcomes. Through this investment, community health workers will include active case finding of an estimated 4,000 pregnant women lost to follow-up on ante-natal care; additionally support groups for HIV positive women who have recently given birth, will be created.

For TB, the additional funding will support community health workers in performing outreach activities and actively searching for children and adults showing signs of possible TB infection. Community health workers will link them with health centres where they can get tested and treated if positive for TB. Particular emphasis will be put on ensuring Isoniazid Preventive Therapy (IPT) for an estimated 12,957 children who have been in contact with TB patients.

#### **2.9 GAC review and recommendation:**

- The GAC appreciated the potential impact of the additional investment in Haiti, and recommends the full amount for both components.
- On-going work by the Office of the Inspector General (OIG): As was reported in the *GF/B40/ER02*, the OIG is currently conducting assurance work on certain grants managed by PSI. In addition to the investigation described in *GF/B40/ER02* (which report is currently being finalized by the OIG), the OIG has two ongoing investigations in Haiti. One has identified collusion between a PSI staff member in Haiti and a logistics company relating to the procurement of a storage facility. The collusion resulted in the supplier overstating the total square meters available in the facility, leading to an average cost per square meter, which exceeded market rates. The proposed recoverable amount is approximately US\$ 100,000.<sup>8</sup> PSI has terminated the implicated staff member as well as its contract with the logistics company. As described in detail in *GF/B40/ER02*, PSI has also initiated a number of changes to internal controls at the HQ and country level, particularly relating to procurement.
- The second investigation is ongoing and relates to allegations of procurement and data fraud at a sub-recipient.
- The GAC also discussed the ongoing work of the OIG and identified weaknesses in oversight and financial risk management of PSI, and reaffirmed the need to rigorously monitor all PSI grants and ensure continuous review and improvement of PSI's financial and fiduciary arrangements. The GAC also noted that any agreed management actions recommended by the OIG relating to PSI grants will be implemented and monitored. In light of existing and continuing efforts to strengthen

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<sup>8</sup> The proposed recoverable amount is still under discussion with PSI and has not been reviewed by Secretariat senior management. The final recoverable amount may therefore differ.

oversight and management of risks in PSI grants, both by the Secretariat and PSI, and considering that PSI is the best available PR in Haiti, the GAC recommends approval of the additional funds to HTI-M-PSI and HTI-C-PSI.

### **MOSASWA malaria Regional grant: Lubombo Spatial Development Initiative (QPA-M-LSDI)**

2.10 The MOSASWA malaria regional grant, is a public-private cross-border initiative between Mozambique, South Africa and Eswatini focusing on addressing regional malaria elimination in Southern Africa. This grant, from the 2014-2016 allocation period and with an end date of December 2019, was recommended by the GAC in November 2016 and approved by the Board through decision point GF/B36/EDPo4. The initiative was aimed at working collaboratively to accelerate efforts from malaria control to pre-elimination in southern Mozambique and support the transition from pre-elimination to elimination in Eswatini and South-Africa.

This unique public-private partnership brings together country governments, development partners and the private sector and mobilizes private sector funds to support malaria interventions across the three countries.

The activities to be funded with the additional investments are: i) Expansion of Indoor Residual Spraying (IRS) operations into two new districts in Gaza and two new districts in Inhambane Provinces of Mozambique, ii) Expansion of community health workers into Gaza and Inhambane in order to serve new geographies receiving IRS, and enhance supervision of the Agente Polivalente Elementar (APE) network, iii) Expansion of IEC/BCC (Education and Communication/Behavior Change Communication) programs into Gaza and Inhambane in order to strengthen uptake of IRS within the districts and iv) Program management costs necessary in order to upscale into 2 provinces previously not covered by the PR.

Programmatic activities for this grant are supported through funds from the Global Fund and Goodbye Malaria, a private sector organization. This additional funding from the Gates Foundation is currently being integrated into the existing grant (ending in 2019) to cover activities that are on the UQD Register, as approved by the TRP in September 2018. The MOSASWA grant was also identified as a multicountry priority to be supported through catalytic funding from the 2017-2019 allocation period. The GAC noted that the grant should ensure synergies across other regional initiatives and national grants.

## **3. Additional Matters**

### **Corrigendum to the Electronic Report to the Board GF/B40/ER02**

3.1 The proposed end date for grant extension for multicountry Southern Africa ARASA HIV grant QPA-H-UNDP, submitted for Board approval through GF/B40/ER02 is 31/03/2020 instead of 31/03/2019 mentioned in Table 3 of the report page 18.

## **4. Privileges and Immunities**

4.1 Of the single-country applicants for which funding recommendations are currently being made, Niger and Uganda have signed the Global Fund Agreement on Privileges and Immunities. Of the applicants included in the multicountry grants, Mozambique has signed and ratified the Global Fund Agreement on Privileges and Immunities.

## **Annex 1 – Relevant Past Decisions**

1. Pursuant to the Governance Plan for Impact as approved at the Thirty-Second Board Meeting,<sup>9</sup> 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
GF/B40/ER02: Decision on the Secretariat's recommendation for funding the Mali grant (MLI-M-PSI) managed by PSI	This decision point approved the Mali malaria grant, managed by PSI (MLI-M-PSI)
GF/B37/04: Decision on the Update on the Implementation of the Amended and Restated Policy for Restricted Financial Contributions and Revision Proposal	This decision point approved the revisions to the amended and restated Global Fund policy for restricted financial contributions
GF/B38/EDPo8: Decision on the Secretariat's recommendation for funding the Cameroon HIV grant	This decision point approved the Cameroon HIV grant (CMR-H-MOH)
GF/B37/EDPo7: Decision on the Secretariat's recommendation for funding the Democratic Republic of Congo malaria grants	This decision point approved the Democratic Republic of Congo malaria grants (COD-M-SANRU and COD-M-MOH)
GF/B38/EDPo8: Decision on the Secretariat's recommendation for funding the Namibia TB/HIV grant	This decision point approved the Namibia TB/HIV grant (NAM-C-MOH)
GF/B38/EDPo2: Decision on the Secretariat's recommendation for funding the Niger malaria grant	This decision point approved the Niger malaria grant (NER-M-CRS)
GF/B37/EDPo5: Decision on the Secretariat's recommendation for funding the Uganda HIV grant	This decision point approved the Uganda HIV grant (UGA-H-MoFPED)
GF/B38/EDPo2: Decision on the Secretariat's recommendation for funding the Haiti TB/HIV grant	This decision point approved the Haiti TB/HIV grant (HTI-C-PSI)
GF/B38/EDPo2: Decision on the Secretariat's recommendation for funding the Haiti malaria grant	This decision point approved the Haiti malaria grant (HTI-M-PSI)
GF/B36/EDPo4: Decision on the Secretariat's recommendation for funding the multicountry MOSASWA malaria grant	This decision point approved the multicountry MOSASWA malaria grant (QPA-M-LSDI)
GF/SCo4/DPo2: Approval of the Prioritization Framework for Funds Becoming Available for Portfolio Optimization and Financing Unfunded Quality Demand	This decision point approved the prioritization framework to guide investments in the register of unfunded quality demand using funds available for portfolio optimization
GF/AFCo4/DPo1: Approval of Available Sources of Funds for Portfolio Optimization and Financing Unfunded Quality Demand for the 2017-2019 Allocation Period	This decision point approved US\$50 million to be made available for portfolio optimization
GF/AFCo7/DPo3: Decision on the amount of additional funding available for investment through portfolio optimization	This decision point approved an additional US\$100 million to be made available for portfolio optimization

<sup>9</sup> GF/B32/DPo5: Approval of the Governance Plan for Impact as set forth in document GF/B32/o8 Revision 2 (<http://www.theglobalfund.org/Knowledge/Decisions/GF/B32/DPo5/>)

Relevant past Decision Point	Summary and Impact
GF/AFCo8/DPo1: Decision on the amount of additional funding available for investment through portfolio optimization	This decision point approved an additional US\$100 million to be made available for portfolio optimization
GF/B39/EDP15: Decision on the Secretariat's recommendation on Funding Unfunded Quality Demand from the 2017-2019 Allocation Period	This decision point notes the Secretariat's review of the items on the 2017- 2019 allocation period's UQD register in accordance with the prioritization framework approved by the Strategy Committee