Electronic Report to the Board

Report of the Secretariat's Grant Approvals Committee

GF/B40/ER09

Board Decision

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

1. GF/B40/EDP12: Decision on the Secretariat's Recommendation on Funding from the 2017-2019 Allocation[1]
2. GF/B40/EDP13: Decision on the Secretariat's Recommendation on Additional Funding to Finance Unfunded Quality Demand from the 2017-2019 Allocation Period[2]

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[1] The Secretariat recommends the approval of (i) funding from the 2017-2019 allocation for 11 grants: Benin RSSH, Chad HIV, Chad TB, Nigeria HIV Nigeria RSSH, and South Africa TB/HIV up to an amount of **US$521,771,411** and **€50,970,675** of country allocation funding, including matching funds of US$16,000,000 for South Africa TB/HIV and €2,138,640 for Benin RSSH; (ii) 1 multi-country grant in Eastern Africa up to an amount of **US$7,500,000** of catalytic investments; (iii) **US$10,841,912** from the 2017-2019 allocation to be integrated into the Nigeria TB/HIV/RSSH grant through a grant revision; and (iv) integration of **US$3,000,000** and **€2,070,983** of matching funds (catalytic investments) into the Senegal HIV and Guinea malaria.

[2] The Secretariat recommends the approval of **US$14,703,758** and **€11,748,255** of portfolio optimization funding to be integrated into the Central African Republic TB/HIV, Congo TB/HIV, Eritrea Malaria, Eswatini TB/HIV, Kenya Malaria, Moldova TB/HIV, Mongolia TB, Nepal TB, Tajikistan TB, Togo HIV and Viet Nam TB grants and funds up to an amount of **US$41,600,000** to leverage a loan buy-down in India.

Decisions

<u>Decision Point: GF/B40/EDP12: Decision on the Secretariat's Recommendation on Funding from the 2017-2019 Allocation</u>

The Board:

1. *Approves the funding recommended for each country disease component, and its constituent grants, as listed in the Tables 1a and 1b of GF/B40/ER09 ("Table 1a" and "Table 1b");*

2. *Acknowledges each country disease component's constituent grants will be implemented by the proposed Principal Recipients listed in Table 1a, 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.*

<u>Decision Point: GF/B40/EDP13: Decision on the Secretariat's Recommendation on additional funding to Finance Unfunded Quality Demand from the 2017-2019 Allocation Period</u>

The Board:

1. *Approves the revised budget recommended for each grant listed in Table 2 of GF/B40/ER09 ("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.*

Executive Summary

Context and Input Received

The Secretariat recommends the approval of

→ funding from funding from the 2017-2019 allocation for (i) 11 grants: Benin RSSH, Chad HIV, Chad TB, Nigeria HIV, Nigeria RSSH, and South Africa TB/HIV up to an amount of **US$521,771,411** and **€50,970,675** of country allocation funding, including matching funds of **US$16,000,000** for South Africa TB/HIV and **€2,138,640** for Benin RSSH; (ii) 1 multi-country grant in Eastern Africa up to an amount of **US$7,500,000** of catalytic investments; (iii) **US$10,841,912** from the 2017-2019 allocation to be integrated into the Nigeria TB/HIV grant through a grant revision; and (iv) integration of **US$3,000,000** and **€2,070,983** of matching funds (catalytic investments) into the Senegal HIV and Guinea malaria grants.

→ (i) **US$14,703,758** and **€11,748,255** of portfolio optimization funding to be integrated into the Central African Republic TB/HIV, Congo TB/HIV, Eritrea Malaria, Eswatini TB/HIV, Kenya Malaria, Moldova TB/HIV, Mongolia TB, Nepal TB, Tajikistan TB, Togo HIV and Viet Nam TB grants; and (ii) portfolio optimization funds up to an amount of **US$41,600,000** to leverage a loan buy-down in India.

- The grants in Table 1a 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 1a 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.

- 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/EDP12: Decision on the Secretariat's Recommendation on Funding from the 2017-2019 Allocation; and GF/B40/EDP13: Decision on the Secretariat's Recommendation on Additional Funding to Finance Unfunded Quality Demand from the 2017-2019 Allocation Period.

Table 1a: 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[3]	Grant End Date	Currency	Total Program Budget	Catalytic Funds in Grant	Domestic Commitment[4]	Unfunded Quality Demand
1	Benin	RSSH	BEN-S-CNLS-TP	30-06-2022	EUR	12,191,862	2,138,640	N/A	5,223,203
2	Chad	HIV	TCD-H-MOH	31-12-2021	EUR	34,486,906	N/A	15,930,796	6,269,599
3		TB	TCD-T-MOH			4,291,907			
4	Nigeria	HIV	NGA-H-NACA	31-12-2020	USD	5,893,310	N/A	61,756,987	40,831,337
5		HIV	NGA-H-SFHNG	31-12-2020	USD	15,894,545	N/A	61,756,987	40,831,337
6		HIV	NGA-H-FHI360	31-12-2020	USD	87,666,232	N/A	61,756,987	40,831,337
7		TB/HIV/RSSH	NGA-C-LSMOH	31-12-2020	USD	15,931,763[5]	N/A	N/A	6,072,398
8		RSSH	NGA-S-MSH	31-12-2020	USD	42,996,203	N/A	N/A	6,072,398
9	Multicountry IGAD	TB	QPA-T-IGAD	31-03-2022	USD	7,500,000	7,500,000	N/A	-
10	South Africa	TB/HIV	ZAF-C-AFSA	31-03-2022	USD	59,762,556	16,000,000	7,456,708,765	189,031,883

[3] The Grant names are subject to change based on the ISO code.

[4] 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.

[5] Total composition: US$5,089,851 for TB (already approved by the Board through GF/B40/EDP02), US$8,468,527 for HIV and US$2,373,385 for RSSH. Therefore, Board approval is sought for US$10,841,912 for HIV and RSSH.

11			ZAF-C-BZ			53,783,128			
12			ZAF-C-NACOSA			82,059,426			
13			ZAF-C-NDOH			173,716,011			

Table 1b: Secretariat's Recommendation on Integrating Matching Funds into Board Approved Grants 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	Additional Funding Source	Currency	Previously Approved Program Budget	Recommended Additional Funding	Revised Program Budget
1	Senegal	HIV	SEN-H-CNLS	Catalytic Funds (Matching funds)	EUR	15,739,822	1,056,549	16,796,371
2			SEN-H-ANCS			6,128,471	1,014,434	7,142,905
3	Guinea	Malaria	GIN-M-CRS	Catalytic Funds (Matching funds)	USD	55,663,302	3,000,000	58,663,302

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	Central African Republic	TB/HIV	CAF-C-CRF	Portfolio Optimization	EUR	28,741,152	9,356,550	38,097,702
2	Congo	TB/HIV	COG-C-CRF	Portfolio optimization	EUR	15,251,947	946,349	16,198,296
3	Eritrea	Malaria	ERI-M-MOH	Portfolio Optimization	USD	17,542,530	399,078	17,941,608
4	Eswatini	TB/HIV	SWZ-C-NERCHA	Portfolio Optimization	USD	40,417,023	725,938	41,142,961
5	India	TB	IND-T-IBRD	Portfolio Optimization	USD	0	41,600,000	41,600,000
6	Kenya	Malaria	KEN-M-TNT	Portfolio Optimization	USD	54,156,636	8,661,734	62,818,370
7	Mongolia	TB	MNG-T-MOH	Portfolio Optimization	USD	7,224,359	500,000	7,724,359

8	Moldova	TB/HIV	MDA-C-PCIMU	Portfolio Optimization	EUR	11,931,624	81,006	12,012,630
9	Nepal	TB	NPL-T-SCF	Portfolio Optimization	USD	16,138,548	900,000	17,038,548
10	Togo	HIV	TGO-H-PMT	Portfolio Optimization	EUR	27,498,407	1,364,350	28,862,757
11	Tajikistan	TB	TJK-T-RCTC	Portfolio Optimization	USD	9,752,657	1,169,703	10,922,360
12	Viet Nam	TB	VNM-T-NTP	Portfolio Optimization	USD	47,281,094	2,347,305	49,628,399

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 are not subject to willingness to pay or co-financing requirements.

In order to be eligible for matching funds, applicants need to meet four conditions: i) the program associated with the 2017-2019 allocation includes interventions/activities that directly support the designated strategic priority area; ii) the allocation investment in the priority area is higher than in the previous allocation period (2014-2016) (the "increase in allocation" condition); iii) funding within the 2017-2019 allocation invested in the strategic priority area is equal to, or more than, the matching funds requested (i.e. at least a 1:1 ratio) (the "1:1 matching" condition); and iv) the programs proposed under matching funds have clear potential to accelerate progress in the relevant strategic priority area and to maximize impact of the overall program. Unless specified below, the applicant meets all the conditions for accessing the allocated matching funds amount.

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

Benin RSSH: Conseil National de Lutte contre le VIH/SIDA, la Tuberculose, le Paludisme, les Hépatites, les Infections sexuellement transmissibles et les Epidémies (BEN-S-CNLS-TP)

1.2 The Benin standalone RSSH grant, which is focused on supporting strengthening of data quality, community health, supply chain and human resources for health, complements the Global Fund investments made in the fight against HIV, TB and malaria. The grant is aligned with the National Strategic Plan for Health Development 2017-2021 and with the National Community Health Strategy. The grant also complements existing investments by the Government and other partners in health systems strengthening and integration of service delivery.

The goal of the RSSH grant, presented for approval, is to improve access and quality of health care in Benin, through a more integrated, effective and resilient health system. It seeks to i) improve human resources management at the operational and community levels; ii) strengthen the National Health Management Information System (NHMIS) and the monitoring and evaluation (M&E) system to support informed decision-making; iii) improve the logistic management information system (LMIS) for better and continuous access to good quality health products; iv) expand national coverage of high-quality integrated service delivery at community level; and v) strengthen institutional capacities and interventions coordination for optimization of available resources.

1.3 Co-financing and domestic commitment:

To fully access the co-financing component of the 2017-2019 allocation period, the Government of Benin needs to invest an additional €6,702,148 for all three diseases. The Government's 2018-2020 additional commitment is €10,289,031. For the RSSH component, the main area for co-financing is 33 percent of the monthly remuneration of community health workers, co-funded by the Global Fund and partners. Specifically, for this RSSH grant, it is more difficult than for the specific diseases programs to estimate the Government's co-financing because of the nature of the grant. In this view, although the Secretariat does not anticipate any risk of non-materialization of the commitments, there is a grant requirement in the Grant Confirmation to help the Secretariat track the materialization of the Government's contribution.

1.4 Implementation Arrangements:

The grant will be implemented by a new Principal Recipient (PR), Conseil National de Lutte contre le VIH/SIDA, la Tuberculose, le Paludisme, les Hépatites, les Infections sexuellement transmissibles et les Epidémies (CNLS-TP), an entity recently created under the President's office for coordinating all donor support in health. The Secretariat's capacity assessment demonstrated some areas that need to be strengthened, including the recruitment of key staff at the Program Management Unit (PMU) and the installation of accounting software. In order to support the new PR, a fiscal agent will be contracted to support the PR's work with regional health offices, approve workplans before implementation, review supporting documents before recording in accounts and work with new teams to build capacity on financial reporting.

1.5 Matching Funds

Benin was eligible to receive matching funds for RSSH integrated service delivery and health, priority area and these are incorporated into the grant recommended for Board approval.

1.6 GAC review and recommendations:

- The GAC had previously acknowledged the implications of designating 15 percent of the overall 2017-2019 allocation to a standalone RSSH grant. At the time of considering the TB and malaria grants, the GAC recognized that the CCM's decision to shift funds to RSSH may result in gaps in the HIV and malaria programs. The GAC therefore stressed (both during previous discussions around the program split and whilst reviewing the current grant) the importance of ensuring that the RSSH grant contributes to the overall impact and effective implementation of the disease programs.
- The GAC noted progress towards closing the anticipated funding gap in the malaria program during grant implementation, which has decreased due to additional nets to be contributed by the President's Malaria Initiative (PMI), as well as through reinvestment of efficiencies generated by lower unit costs of nets through wambo.org.
- The GAC noted that the creation of a new entity (CNLS-TP) at the level of the President's Office demonstrates strong national engagement as well as strong political leadership from the Government on delivering disease-specific and broader health outcomes. Whilst acknowledging the Government's effort and Partners' support in finalizing the integrated National Strategic Plan (NSP), Partners noted the approach should not duplicate individual NSPs but rather that the approach should be complementary and contribute to strengthening individual NSPs.
- The GAC acknowledged the support and technical assistance from Partners on the ground including Expertise France, USAID and UNAIDS. The GAC noted that overall Partner investments are aligned to strengthening health systems and complimentary to the Global Fund grant. The GAC also noted that decentralizing data and focusing on community health workers has been and remains one of the primary foci of the grant.
- The GAC recommended the matching funds to be integrated into the grant, noting that the catalytic impact of the investments is in line with the overall goals of the programs.

Chad TB and HIV: Ministry of Public Health (TCD-H-MOH and TCD-T-MOH):

1.7 HIV component:

According to UNAIDS estimates, HIV prevalence in Chad has declined from 3.3 (2005) to 1.3 percent in 2017 among the adult population. Although, the trend analysis of HIV prevalence shows an overall decline and stabilization between 2005 and 2015 in all regions, two regions in the north east of the country (Borkou and Tibesti) observed an increase from 3.5 to 5.3 percent in the same period.

The overall goal of the grant is to i) reduce new HIV infections in the general population, key and vulnerable populations from 4,800 in 2016 to 3,397 in 2022; ii) limit new pediatric HIV infections from 21 percent in 2016 to 5 percent by 2022; iii) decrease the number of deaths linked to HIV from 2,800 in 2016 to under 1,000 by 2022; iv) improve psychological, social, economic and legal conditions for people living with HIV, community-based organizations (CBO) and other affected persons during the period 2019-2021; and v)

ensure universal access to quality, global, integrated and continuous people-centered healthcare with a view to making an effective contribution to the socio-economic development of the country.

The strategies for achieving these goals are as follows: i) 90 percent of adult and youth living with HIV to benefit from quality medical treatment by 2022; ii) 90 percent of people living with HIV undergoing ART to survive in the HIV care cascade 12 months after the start of antiretroviral treatment by 2022; iii) Reduce vertical transmission of HIV from mother to child from 14 percent to less than 5 percent by 2022; iv) At least 95 percent of key populations and 80 percent of vulnerable populations to adopt lower-risk behavior by 2022; v) 70 percent of people living with HIV to enjoy human rights, gender and equity balance; vi) Strengthen capacities of actors in order to ensure better governance and performance of health and community systems; vii) Strengthen the national health information system through the gradual implementation of DHIS2; and vii) Reduce HIV-related maternal, neonatal and infant mortality by 50 percent by 2022.

1.8 TB component:

TB incidence in Chad has increased marginally over the last five years and the country reported 11,774 TB cases in 2017. It is estimated by the WHO that 48 percent of incident cases were missed that year and the high proportion of missed cases may be the result of under-reporting (diagnosed cases but not reported) as well as inadequate case finding strategy. Comparatively, the estimated number of multi-drug resistant TB (MDR-TB) cases in 2017 was 350 of which 48 were on treatment that year.

The grant's goal is to reduce mortality rate for TB from 31 deaths per 100,000 inhabitants in 2016 to 23.3 deaths per 100,000 inhabitants in 2022, reduce the incidence of TB from 153 notifications 100,000 inhabitants in 2016 to 132 notifications per 100,000 habitants by 2022 and to ensure universal access to quality, global, integrated and continuous people-centered healthcare with a view to making an effective contribution to the socio-economic development of the country. To achieve this goal, the grant focuses on: i) Prevention and integrated, patient-centered care by expanding and decentralizing diagnosis and treatment services; ii) Ensure universal health coverage by: (a) making available suitable resources to treat/prevent TB and (b) improving collaboration with communities, state organizations as well as private and public healthcare partners; iii) Promote research and innovations; and iv) Strengthen the national health information system through the gradual implementation of DHIS2.

1.9 Co-financing and domestic commitment:

During the 2014-2016 allocation period, Chad did not comply with the willingness to pay requirements and met only 54 percent of the minimum requirements. A waiver to the willingness to pay requirements was granted to Chad by the Secretariat considering its economic and security context.

For the 2017-2019 allocation period the Government has committed to disburse €15,538,503 for HIV, €2,328,347 for TB, and €223,458,758 for RSSH. The overall Government commitment is higher than the Global Fund's minimum requirements for accessing the co-financing incentive; however, given that Chad did not comply with the willingness to pay requirements of the 2014-2016 allocation period and considering the current fiscal context, there is a risk of non-materialization of the Government commitments for the 2017-2019 allocation period. In order to mitigate the potential risk, the Secretariat obtained an official co-financing commitment letter jointly signed by the Minister of Health and the Minister of Finance. The Secretariat will continue to collaborate with the Government and partners to prioritize domestic investments for critical interventions, such as the procurement of ARVs. Additionally, the Secretariat is planning the following risk mitigation measures:

- Possibility of procurement of commodities through Global Fund Mechanisms: The Ministry of Health (MoH) has requested to use Global Fund procurement mechanisms for the procurement of HIV commodities with Government resources. The use of the pooled procurement mechanism (PPM)/wambo.org by the Government, if approved by the Secretariat, would require advance payments by the Government. Accordingly, the MoH and the Ministry of Finance (MoF) would have to submit an annual disbursement schedule for the planning and tracking of the materialization of Government contributions;
- Close collaboration with donors to ensure expenditures for HIV and TB are earmarked as priority within their budgetary support;

- Provision of technical support to the MoH for the development of a comprehensive health financing strategy and institutionalization of national health accounts in collaboration with partners; and
- Inclusion of a requirement in the Grant Confirmation requesting regular reporting from the Government.

1.10 Implementation Arrangements:

The grants recommended for approval will be managed by a new PR, the MoH. This highlights domestic efforts as well as the MoH's willingness to manage all donor funded programs. Moreover, the new arrangement seeks to ensure better coordination of health programs and more accountability within the departments of the MoH (central, regional and district levels), promoting national ownership, accountability, sustainability and capacity building in line with the Global Fund's strategies.

Noting that the change of PR may lead to a slow start of grant activities and low absorption in the beginning of the first year, technical assistance will be funded and provided by Expertise France for the period 2019-2021. Expertise France has already deployed four international experts for short-term technical assistance since December 2018, for (i) Governance; (ii) Programmatic and Monitoring and Evaluation; (iii) Pharmaceuticals and Supply Chain Management; and (iv) Financial Management with both on-site (10 days per month) and remote support. In addition, comprehensive long-term technical assistance is planned in order to build the capacity of staff at the PMU of the MoH during the implementation period of both grants.

Additionally, a fiduciary agent will be contracted directly by the Global Fund before the first disbursement and health products financed through the grants will be procured through PPM and the Global Drug Facility (GDF) as risk mitigation measures.

1.11 GAC review and recommendations:

- The GAC and partners commended the collaboration between the Government, authorities and partners on the ground for providing technical assistance to design a more efficient implementation arrangement. The GAC specifically acknowledged and appreciated the technical support provided by Expertise France and its contribution to the capacity building of the MoH to ensure effective implementation of the grants.
- Noting the new implementation arrangements, the GAC and partners emphasized the opportunities for capacity building through this model. While noting the potential gains, the GAC and partners also acknowledged the potential challenges related to change of PR and noted the need for further assessment and evaluation of the implementation arrangements. The GAC and Partners noted that to avoid any service interruptions, the transition to the new implementation arrangements will take place with the Secretariat's regular monitoring and partners' continuous support to the programs to ensure success.
- The GAC noted that the Secretariat will continuously monitor the effectiveness of the implementation arrangements (on a six-monthly basis) by setting up key performance indicators and will proactively propose adjustments when needed, especially at the end of year 1 of grant implementation.
- The GAC Partners welcomed the grants' prioritization towards key populations in addition to integration of TB/HIV programs.

Nigeria HIV: Family Health International (NGA-H-FHI360); Society for Family Health (NGA-H-SFHNG); National Agency for the Control of AIDS (NGA-H-NACA); and Lagos State Ministry of Health (NGA-C-LSMOH); Nigeria RSSH: Management Sciences for Health (NGA-S-MSH); and Lagos State Ministry of Health (NGA-C-LSMOH)

1.12 HIV component

Although Nigeria has made progress in responding to the HIV epidemic in the country, new infections have only declined by 5 percent between 2010 and 2017. Without accelerating the response, while paying close attention to scaling proven and most effective interventions, the country cannot achieve the 90-90-90 targets set by the UNAIDS. Thus, the HIV grants' goal is to contribute to epidemic control and reduce

HIV/AIDS morbidity and mortality as well new HIV infections by 2021. There are number of strategies in place for achieving this goal. The strategies are as follows:

The FHI 360 grant collaborates closely with the National Treatment and Prevention of mother-to-child transmission Programme (NTPP) and engages a Principal Recipient and 5 sub-recipients, covering the country's six political zones. The strategic priorities of the grant implemented by this PR are i) Provision of quality HIV testing services; ii) Prevention of mother to child transmission of HIV (PMTCT) including early infant diagnosis and related services (EID); iii) Treatment, care and support for the general population; iv) Comprehensive prevention programs for key populations; v) Prevention and treatment of TB/HIV co-infections; vi) Community system strengthening through the Association for Reproductive and Family health and the network of persons with HIV/AIDS in Nigeria; and vii) EID service uptake.

The strategies followed by the National Agency for the Control of AIDS are i) Strengthening routine reporting and capacity for data analysis; ii) Strengthening data quality, program reviews and evaluation, surveys, surveillance and operations research; iii) Strengthening financial management and oversight, mobilize domestic resources from both private and public sources; iv) Strengthening the evidence base for improved targeting of key populations and vulnerable populations; and v) Promoting and strengthening platforms for integrated service delivery whilst strengthening the overall coordination and oversight of the HIV response and institutional systems strengthening.

Comparatively, the Society for Family Health grant focuses on i) Comprehensive Community-based HIV Service Package including prevention, care and support, referrals and linkages to treatment services in Public/Private Health facilities and One-Stop-Shops; ii) Community and Institutional System Strengthening; and iii) Enabling/Legal Environment for Key Population Programming as the main the strategic priorities.

Lastly, the HIV component of the Lagos State Ministry of Health grant has the following strategic priorities i) Strategic HIV Testing Services; ii) Prevention of mother to child transmission; iii) Early Infant Diagnosis; iv) Differentiated Care Model for ART and monitoring; v) Prophylaxis and treatment of opportunistic infections; vi) TB/HIV collaborative activities; vii) SRH/HIV integrated services; viii) Strategic information, program monitoring and data use; ix) Social mobilization, building community linkages, collaboration and coordination and x) Institutional capacity building, planning and leadership development in the community sector.

1.13 RSSH component

The overarching aim of the RSSH grant is to improve the health and well-being of the Nigerian people by identifying and addressing systemic issues affecting the optimal delivery of health services. The interventions have been designed to follow the Global Fund's framework for RSSH, which is built on the essential building blocks of WHO for a well-functioning health system. More specifically, the grant will focus on strengthening national structures and systems with activities cascaded down to the State level with the goal to strengthen: i) Health management information systems (HMIS); ii) Laboratory systems (LSS); iii) Procurement and supply management (PSM); and iv) Public Financial Management in the 3 pilot states of the decentralized portfolio management approach.

1.14 Overall co-financing and domestic commitment:

The majority of the willingness to pay requirements of the 2014-2016 allocation period was expected to be met by substantive commitments for malaria through the Integrated Testing Treatment and Larviciding project. However, budget execution reports are not readily available at the Federal and / or State levels so tracking expenditures is challenging and the Government of Nigeria and the CCM were unable to provide satisfactory evidence that the willingness to pay commitments were met. As a result, the 2014-2016 allocation was proportionately reduced in December 2017.

For the HIV component, to access the co-financing incentive for the 2017 - 2019 allocation period, the Government needs to additionally invest a minimum of US$35,738,139 in 2018-2020, over and above its spending in 2015-2017. Current commitments made by the Federal Ministry of Finance (FMF) represent an increase of US$37 million compared to the 2014-2016 allocation period and meet the minimum requirement of accessing the co-financing incentive. It is proposed to work with the FMF and the MoH to obtain bi-annual reporting for health budgeting and expenditure as well as annual health accounts reports as mitigation measures to monitor co-financing commitments.

A similar indicative commitment has been made by the Government, with specific amounts for HIV, TB, and RSSH. As a risk mitigation measure, the delivery of the commitment letter has been included as a grant requirement in the Lagos grant agreement.

The RSSH grant will co-finance the Government's activities towards annual routine reporting on Government health and disease expenditures. To further mitigate co-financing risks, the Global Fund investment will support the annual production of National Health Accounts (NHA) and State Health Accounts. The RSSH investments will support: i) 2017 NHA quality assurance validation; ii) Implementation of 2018 and 2019 NHA data collection activities; and iii) Support the identified 4 states with the production of State Health Accounts reports.

1.15 Overall GAC review and recommendations:

- In 2018, the Government of Nigeria conducted a National HIV/AIDS Impact and Indicator Survey (NAIIS), designed to provide critical, revised data on HIV prevalence, incidence and other HIV-related health indices. NAIIS was led by the Government of Nigeria through the Federal Ministry of Health (FMoH) and the National Agency for the Control of AIDS (NACA), conducted with funding from the United States (U.S.) President's Emergency Plan for AIDS Relief (PEPFAR) and the Global Fund with technical assistance from the U.S. Centers for Disease Control and Prevention (CDC). The survey was implemented by the NAIIS Consortium, led by the University of Maryland, Baltimore (UMB), under the supervision of the NAIIS Technical Committee. Fieldwork was concluded in December 2018 and the survey has been assessed by all Partners to be a successful, critical prevalence survey. It was brought to the GAC's attention that the results of this survey have now been published (launched by the President, on 14th of March 2019).
- The GAC noted that during grant making through several in-country discussions, the preliminary data and findings were shared with the Government, Partners and the Secretariat. This informed the strategic approach to designing the program. As a result, the grants proposed for approval, have already begun to shift programming foundations and the strategic priorities are in line with the preliminary findings of the survey. The results, confirming that the new national HIV prevalence is 1.4 per cent amongst Nigerian adults aged 15–49 years (versus the previous 2.8 percent prevalence), are now published and publicly available. Whilst the GAC noted the added value of the visibility on the outcomes of the survey in shaping the strategic focus of the grants, it also pointed to the need for a deep dive analysis to ensure quality of data, to discuss available data with Partners and to understand any implications to the current program design, including potential reprogramming.
- The Secretariat informed the GAC that based on the new data, the Government is revising the National HIV/AIDS Strategic Framework. The GAC and Partners welcomed this marked political leadership in the country, which has enabled an environment that is conducive to addressing the programmatic performance and implementation challenges, and which is likely to result in greater impact.
- The GAC noted that whilst the survey results indicate a lower prevalence than previously reported, the programmatic and particularly treatment coverage gaps remain, and funds are still critically needed to reach populations that may be harder to reach. As a result of this survey, one of the areas in which to expand programming is the key population activities, for example, improving differentiated HIV testing, improving quality of service delivery and program outcomes (including viral suppression). The GAC noted the importance of the community response for achieving greater impact. The GAC welcomed the implementation arrangements proposed through the grants presented for approval which both respond to the new data and lay the foundation for a stronger focus on joint programming between PRs and other Partners.
- To ensure a continued holistic implementation of the State level approach, the GAC previously recommended that an integrated State level grant (TB, HIV and RSSH) be signed for Lagos State. Subsequently, the Board approved the TB investments of the integrated grant (through GF/B40/EDP02) in anticipation that the HIV and RSSH funds would be integrated into the grant later. The current integrated State level grant presented for approval, includes the HIV and RSSH

funding from the allocation to be integrated into already active NGA-C-LSMOH grant. The GAC noted all activities will be managed and implemented as a single integrated grant.

- The GAC noted leveraging of Global Fund investments at State level to increase state domestic funding through advocacy with state government authorities. The GAC highlighted that the decentralized portfolio management approach will increase ownership at State level.
- The GAC applauded the collective response of all actors in the country and the substantial involvement and collaboration between partners for achieving results and the GAC partners expressed their support for this to continue throughout implementation. While acknowledging the remaining HIV treatment gaps, the GAC highlighted and welcomed the close collaboration with PEPFAR.
- The GAC noted the approach taken by the TRP following the review of the TB/RSSH funding request in 2018: When Nigeria submitted a joint TB/HIV application in 2017 the TRP recommended an iteration, which resulted in an 18-month extension of the grants. Subsequently, a TB/RSSH application was submitted (and proceeded to grant making) and HIV was submitted separately in September 2018. Further to the TRP's review of the resubmitted HIV funding request, there was a risk of another iteration; however, with the view to avoid any interruptions in service delivery, the TRP recommended an alternative iterative modality whereby the applicant could proceed to grant-making with the condition for the TRP to review outcomes of grant making to validate operationalization of clarifications and strategic actions prior to providing a recommendation that the application was technically sound, strategically focused, positioned to achieve impact and demonstrates value for money. The GAC and partners welcomed the alternative and constructive iterative modality and acknowledged that this approach mitigated the risk of slowing down grant implementation and positioned the program to maximize use of available funds for the 2017-2019 allocation period to achieve impact.
- The GAC noted that the TRP commended the Secretariat and the applicant for the revised materials submitted. They expressed their agreement with the overall approach and recognized that the revised submission offers significantly improved value for money as compared to the previous submission, made possible by significantly reduced program management costs, changes in implementation arrangements, and additional support for States to begin planning to take over the national treatment program. They further recommended that the country, with the support of the Secretariat, continue to adjust programming in line with the newly available data to best respond to the changing epidemic and focusing on the facilities and States that are most in need of intervention and support.

South Africa TB/HIV: AIDS Foundation South Africa (ZAF-C-AFSA); Beyond Zero (ZAF-C-BZ); Networking HIV, AIDS Community of South Africa (ZAF-C-NACOSA); and National Department of Health of the Republic of South Africa (ZAF-C-NDOH)

1.16 With an HIV prevalence of 14 percent (20.6 percent among people aged 15-49), South Africa is the country with the largest HIV epidemic in the world. Although, the country has made progress towards achieving the 90-90-90 targets, there are remaining gaps and there is significant geographic variance in South Africa's HIV epidemic and its socio-structural drivers. For instance, the HIV prevalence has doubled among young people (15-24 years old) and out of the 7.9 million people living with HIV in 2017, women are disproportionately affected. The prevalence among adolescent girls and young women aged 15-24 years is 3.3 times greater than their male peers (15.5 compared to 4.8 percent) and whereas 88.9 percent of women are aware of their HIV status, only 78 percent of men are aware. Moreover, viral load suppression of men age 25-34 years (male sexual partners of adolescent girls and young women) is around half of the national average at 41.5 percent compared to 81 percent.

Adding to the outlined HIV prevalence, South Africa represents 4 percent of the global TB burden and is among the world's 14 high-burden countries for TB, MDR-TB and TB/HIV co-infection according to the WHO. Moreover, 59 percent of TB patients are known to be HIV-positive and 88 percent are reported to be on Antiretroviral therapy (ART). Despite the overall decline in TB incidence rates and mortality among both HIV-positive and HIV-negative TB patients, the 2030 Sustainable Development Goals (SDG) and the WHO 2035 End TB targets will not be met at current rates. Similarly, South Africa is among the top five countries

with gaps between estimated TB incidence and actual notifications. According to South Africa's TB Think Tank, around 162,155 TB patients are missing (defined as not diagnosed, treated and or notified in routine TB systems).

The goal of the TB/HIV grant is thus to: accelerate prevention to reduce new HIV and TB infections and sexually transmitted infections (STIs) reduce morbidity and mortality by providing treatment, care and adherence support for all; address social and structural drivers of HIV, TB and STIs and link these effort to the National Development Plan; ground the response to HIV, TB and STIs in human rights principles and approaches; promote leadership and shared accountability for sustainable response to HIV, TB and STIs; mobilize resources and maximize efficiencies to support the achievement of NSP goals and ensure a sustainable approach; and strengthen strategic information to drive progress towards achievement of NSP goals. Furthermore, strategic objectives include i) Increasing district-level saturation of programs to levels that will result in epidemic control; ii) Improving quality of care by augmenting and layering packages along the full cascade; and iii) Maximizing alignment and additionality to government and partner investments.

1.17 Co-financing and domestic commitment:

South Africa is committed to increase the funding for the HIV and TB programs and the Department of National Treasury has provided an indicative commitment based on the Medium-Term Expenditure Framework 2019-2022. More specifically, the country plans to invest US$6.6 billion (49 percent increase) into the HIV program and US$766 million (13 percent increase) into the TB program. Out of these investments, the country plans to allocate US$34 million for key and vulnerable population interventions for the HIV component and US$7 million for the TB over the coming implementation. Overall, the total of TB/HIV commitments exceed the minimum co-financing requirement.

1.18 Matching funds

South Africa was eligible to receive matching funds for 2 strategic priority areas in HIV (Programs to remove human rights-related barriers to health services and Adolescent girls and young women) and one in TB (Finding missing TB cases). These funds have been incorporated into the relevant grants.

1.19 GAC review and recommendations:

- The GAC and partners noted that the environment is conducive to forward thinking, bringing new initiatives and implementing at scale. Given the supporting and dynamic environment in the country, the GAC emphasized that for the grants to contribute to greater impact, the strategic focus of programs should be catalytic to enable greater collaboration with Partners in country, foster innovative approaches and focus on the most effective interventions to inform better programming.
- The GAC noted the efficiencies gained as a result of using a market rate for the conversion of the allocation amount into local currency (ZAR) during grant making versus the fixed rate used in the funding request. While noting that these efficiencies were reinvested into interventions prioritized in the register of Unfunded Quality Demand (UQD) items, the GAC acknowledged that there is a risk that a volatile exchange rate may erode these gains over the grant lifecycle of the grant.
- Currently, there is no immediate forecast indicating fluctuations in ZAR currency, however whilst expected to remain stable, the GAC emphasized putting certain risk mitigation measures in place. Whilst noting that disbursements may be made in the local currency using the spot rate instead of fixed rate, the GAC recommended to: (i) review the implications of any exchange rate fluctuations, and whether any anticipated exchange rate gains would be realized; and (ii) adjust the amount of the Program budget and any Program Activities as necessary if a shortfall materializes.
- The Cash plus Care program aims to reach 30,000 adolescent girls and young women (AGYW) (19-24 years old) with a combination prevention approach, behavioral and structural interventions, in addition to cash incentives to achieve the greatest impact on preventing new infections. The goal of the Cash plus Care program is to generate programmatic evidence to support whether a tailored incentivized behavior change intervention model will assist in reducing the HIV, TB incidence and unplanned pregnancies whilst increasing health-seeking behavior in young women aged 19 to 24 years. Furthermore, the program incorporates a randomized control trial to assess whether cash transfers conditional on empowerment session attendance will result in improved outcomes. The GAC noted that due to complexities of setting up such a large innovative program, the program was

delayed and therefore whilst activities have substantially started, the completion of the program in Kwazulu-Natal and the Western Cape will occur during the closure period of the respective grants and will be included in the Closure Plan and Budgets of the closing grants. The GAC noted that the amounts originally intended for the completion of this pilot in the AFSA and NACOSA grant budgets have been set aside as lump sum amounts under the module 'Payment for Results,' to be programmed into other priority areas during implementation, as memorialized under the grant confirmation.

- The GAC Partners applauded the efforts in developing and negotiating the TB grant, mentioning the achievements of TB programs in South Africa. The GAC Partners acknowledged the added value in collaboration for achieving results and expressed their support for this to continue throughout implementation.
- The GAC welcomed the collaboration and dialogue between partners on the ground with the view of complementary work of the Global Fund and partners to avoid geographic overlap of coverage and to ensure concerns about treatment program and poor performance in certain areas (including slow enrolment and poor retention) are addressed.
- The GAC noted that following TRP's recommendation on prioritizing AGYW aged 10-14, and to define a package of interventions for this age group, the Secretariat has been actively collaborating with the Country Coordinating Mechanism (CCM) and partners (specifically PEPFAR and the Department of Basic Education (DBE)) to determine the scope and the quality of the programs to ensure the proposed program will leverage and complement the investments of DBE and PEPFAR. The GAC noted that the Global Fund AGYW program will target girls and boys aged 10-14 in the priority districts through investments in system strengthening and advocacy.
- The GAC and Partners noted that the interoperability of data systems will continue to be a key focus of programs and the Secretariat will collaborate with partners to strengthen the data systems.
- The GAC noted the high management costs but acknowledged the Secretariat's efforts in reducing the costs, noting the decrease in comparison to the 2014-2016 allocation period.
- The GAC recommended all the 3 priority areas for matching funds, noting that the catalytic impact of these investments is in line with the overall goals of the programs.

2. Grant Revisions – Integration of Additional Funding into Board Approved Grants due to Matching Funds

Senegal, HIV – Alliance Nationale des Communautés pour la Santé (SEN-H-ANCS) and Conseil National de Lutte contre le SIDA de la République du Sénégal (SEN-H-CNLS)

2.1 Senegal submitted its HIV allocation funding request under the TRP Review Window in April 2017 and exercised the flexibility of submitting their matching funds requests separately. The Board approved the SEN-H-ANCS and SEN-H-CNLS grants in October 2017. Senegal was eligible to receive matching funds for the HIV: Key Populations impact and HIV: Programs to remove human rights related barriers to health services. Senegal met the conditions and the GAC recommends the integration of the funding into these grants.

Guinea, Malaria - Catholic Relief Services-United States Conference of Catholic Bishops (GIN-M-CRS)

2.2 Guinea submitted its HIV allocation funding request under the TRP Review Window in April 2017 and exercised the flexibility of submitting their matching funds requests separately. The Board approved the GIN-M-CRS grant in November 2017. Guinea was eligible to receive matching funds for the RSSH: Integrated service delivery and health workforce and met all conditions that were required to access the matching funds amount. Through the revision presented for Board approval, the matching funds are being incorporated into the initial Board-approved grant.

3. Grant Revisions – Integration of Additional Funding into Board Approved Grants

3.1 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)[6] through a rigorous and comprehensive process with inputs from Partners and in line with the Strategy Committee decision (GF/SC04/DP02).

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/AFC07/03, GF/AFC04/DP01 and GF/AFC08/DP01 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[7].

3.2 The award of additional funds through portfolio optimization to fund countries in need of early adoption of the new MDR-TB regimen is based on TRP recommendation that the Secretariat proceed with plans to provide additional resources to such countries, which also highlighted additional actions that need attention from the Secretariat and relevant countries in the roll-out of the new regimens. In this report 3 countries (Congo, Moldova and Tajikistan) are recommended to incorporate additional funds from portfolio optimization to fund transition to the new MDR-TB regimens. The following section contains further details around the specific recommendations on portfolio optimization

3.3 Through this report, the Secretariat recommends to the Board additional funding through the portfolio optimization award made in December 2018 for the CAR TB/HIV, Congo TB/HIV, Eritrea Malaria, Eswatini TB/HIV, Kenya Malaria, Moldova TB/HIV, Mongolia TB, Nepal TB, Tajikistan TB, Togo HIV (RSSH), Viet Nam TB and India TB. The GAC confirmed that this award was in line with the criteria contained in the Prioritization Framework.

India TB: International Bank for Reconstruction and Development (IBRD) (IND-T-IBRD)

3.4 Context and rationale

TB in India is an urgent issue. In 2017, India accounted for 27 percent of the total estimated number of people with TB globally, 24 percent of people with drug resistant TB, and over a quarter of people dying from TB globally. Tuberculosis remains a persistent challenge for India with an estimated 2.74 million people with TB. Annually, about 1 million out of the estimated 2.74 million TB patients in India are not notified, which represents 25 percent of the global missing cases. In addition, about 40 percent of the population is estimated to live with latent TB infection. India represents 31 percent of the TB burden in the Global Fund financed portfolio, and reflective of this, India also accounts for about a third of the Global Fund Strategy strategic service delivery targets for TB.

Despite the increasing trend of case notification for both drug sensitive (DS) and drug resistance (DR) TB in the last few years, India tops the list of countries with missing people with DS and DR TB worldwide. TB in India is therefore a global public health imperative and an intensification of efforts is needed from the

[6] Available here. Please note this document is part of an internal deliberative process of the Global Fund and as such cannot be made public.
[7] 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.

Government of India in collaboration with development Partners to achieve the Sustainable Development Goals (SDG) and End TB Strategy targets. In this setting, the proposed investment through portfolio optimization represents an opportunity to demonstrate action in line with Political declaration of the high-level meeting of the UN General Assembly on the fight against TB by implementing innovative approaches that will catalyze significant additional funding for the fight against TB in India, which will ultimately contribute to the global fight against TB. It also presents an opportunity for the country to work with the World Bank, which would have additional benefits of broadening the dialogue around TB and TB financing thereby expanding the reach of the current efforts.

The Secretariat is recommending for Board approval additional funding for the fight against TB in India through a portfolio optimization award made in July 2018, to invest in an innovative financing mechanism complementing existing grants - specifically to buy down a portion of the principal of a World Bank loan to the Government of India for the "Program Towards Elimination of Tuberculosis". The proposed US$40 million investment by the Global Fund through portfolio optimization will leverage a loan of US$400 million over 5 years which will provide strategic value in meeting the global SDG and End TB Strategy targets by reducing the NSP funding gap from the current level of 55 percent. The potential for impact in finding missing people with TB and drug resistant TB in India would directly contribute to addressing over a quarter of the global disease burden.

The following sections describe the expected priority areas of the World Bank loan and indicate how the proposed investment fits within the criteria of the Global Fund's 'Updated Framework for Joint Investments in Blended Finance Mechanisms'.

3.5 Strategic focus of the "Program Towards Elimination of Tuberculosis".

The World Bank loan to the Government of India is expected to finance four priority areas: (i) Scaling up private sector engagement; (ii) Scaling up patient management and support interventions; (iii) Strengthening surveillance, diagnostics and treatment for MDR-TB; and (iv) Strengthening management capacity and information systems with the following results:

i. Scaling-up private sector engagement:

- Increase in annual private sector notification from the baseline of 263,549 to 800,000;
- 61 percentage point increase by the end of the loan disbursement period in the treatment success rate in patients notified by private providers from the baseline value;

ii. Rolling out TB patient management and support interventions:

- 59 and 60 percentage point increase by the end of the loan disbursement period in the proportion of TB patients receiving financial incentives from the baseline value, in the public and private sectors respectively;

iii. Strengthening surveillance, diagnostics and treatment of drug-resistant TB:

- 30 percentage point increase by the end of the loan disbursement period in the proportion of pulmonary TB patients with known Rifampicin susceptibility status from the baseline value;
- Proportion of RR-TB patients with follow up culture results documented by the 9th month of treatment, from the baseline of 30 percent to 70 percent;

iv. Strengthening management capacity and information systems:

- Additionally, part of the loan will be supporting the development of resilient and sustainable system for health by targeting the health system's building blocks, particularly, service delivery, health workforce and health information system. This will have a significant positive impact on TB surveillance and prevention and contribute to reducing missing cases. It is expected that these health systems strengthening activities will have sustainable impact beyond the national TB program.

3.6 Analysis of the India TB Loan buy down against the Innovative Finance Framework Guiding Principles[8]

The proposed investment aligns with both the Innovative Finance Framework Guiding Principles and the operational criteria that the Secretariat developed jointly with the AFC to specifically guide joint investments with development partners in blended finance (including loan buy downs). The framework is designed to ensure that the Global Fund's investment in blended finance achieves its strategic purpose of leveraging additional funds and achieving impact within the Global Fund's mandate while staying within the Global Fund's risk appetite. These principles were used to structure the Global Fund's engagement with both the World Bank and India country stakeholders regarding this investment. The proposed investments fit strongly within these criteria, in that:

- **Impact** – The program fits directly within the NSP, and it will implement key impactful programs. As the loan is performance based, it will be driven by the relevant indicators ensuring that the Government of India will focus on what's working. Overall, the expected impact of the US$400 million loan would be significant reduction in missing TB cases through enhanced notification from the private sector, improved treatment outcome by more than 60 percentage points in people with TB notified by the private health care providers, and improved surveillance, diagnosis and treatment of drug resistant TB. The funding request submitted by the India Country Coordinating Mechanism in 2017 envisaged that the loan would reduce the missing TB cases by 60 percent by the end of 2020 and improve treatment outcome by 60 percent among drug resistant TB patients.
- **Country ownership** - The program was proposed by the India CCM in 2017 as part of the prioritized above allocation request included in the funding request for the TB component and registered as high quality demand following TRP review. Specifically, prioritization of investing in achieving ambitious NSP targets builds on high-level political commitment from the Government of India and the Prime Minister to end TB in India. The highly ambitious NSP 2017-2025 is a reflection of the political commitment that drives the Prime Minister's agenda of reaching End TB milestones by 2025, ahead of the 2030 global target;
- **Additionality** - This investment closes the gap in TB financing and will support additional Government of India (GoI) funding. The buy down has created an incentive for the government to scale up now and allowed the Global Fund to input to the performance-based indicators on the World Bank loan catalyzing the impact of our investment to increase by a factor of 10 (for every dollar we invest in this transaction the program receives 10 dollars from the World Bank). Strong political commitment has resulted in substantial increases in domestic budget support; specifically, an additional US$ 100 million in FY 2018 than was predicted. Furthermore, to ensure full additionality of the loan and minimize the funding gap, it is important that the GoI continues to provide sufficient budgetary support to the TB program to achieve its strategic targets, which the GoI committed in a letter sent to the Secretariat dated 1st March 2019;
- **Risks** are understood and can be mitigated. The risk around debt sustainability is detailed in the narrative and is manageable per the IMF. The risks of assurance and oversight are also managed, given the Global Fund's engagement directly through its current government Tuberculosis grant programming (IND-T-CTD);
- **Appropriateness** – The loan buy down is intended to catalyze additional financing for the program to achieve NSP targets of finding an additional 1.1 million missing people with tuberculosis. The buy down amount of US$ 40 million[9] is intended to catalyze the additional investment of US$ 400 million over 5 years of the project implementation. It is anticipated that the cost for the country to manage the national TB program will be sustainable as the burden would be significantly reduced due to the front loading of the TB investments now through continued increased domestic financing, Global Fund grants and the World Bank loan.

[8] Detailed analysis of the India TB Loan-buy-down against the Innovative Finance Framework Guiding Principles and Operational Considerations has been outlined in the supporting documents submitted to the Board available here.
[9] Note that the final amount being submitted to the Board includes an additional amount of USD 1 million to pay certain administrative costs of the World Bank and USD 600,000 to cover prepayment premia.

The Secretariat believes that this is a strong example of country led financial innovation that could change the trajectory of TB burden in India. The investment is aligned with the Global Fund existing grants from the 2017-2019 allocation, the combination of the Global Fund partners' support, technical expertise and the World Bank financial leverage with the strong GoI political leadership.

3.7 Structure of the loan buy down and utilization of funds

The Global Fund contribution will be disbursed into a Single Donor Trust Fund administered by the World Bank in accordance with the terms of an Administration Agreement between the Global Fund and the World Bank. The funds available under the Trust Fund will be utilized to buy down part of the principal of the US$400 million loan to be provided by the World Bank to the Government of India. Specifically, the buy-down would enable India to leverage increased IBRD resources at a lower cost and to accelerate progress towards the 2025 TB elimination target. The Administration Agreement between the Global Fund and the World Band references the results-based financing triggers included in the loan agreement between the World Bank and the Government of India.

The Administration Agreement between the Global Fund and the World Bank provides for US$1 million to cover the World Bank's costs for administering the Single Donor Trust Fund, including relevant staff costs. An additional US$ 0.6 million is provided for financing the prepayment premia arising out of the execution of each individual Buy-Down transaction. The World Bank has waived its standard Trust Fund fee for this transaction.

The proposed period for the blended finance facility is 5 years, plus an additional 8-month period for final verification of results and disbursements of the loan amount. Upon approval of the funds by the Global Fund's Board, the Global Fund Secretariat will sign the Administration Agreement with the World Bank. Although the Allocation Utilization Period for the India TB funding ends on 31 March 2021 in accordance with the Comprehensive Funding Policy, and all funds will be disbursed by the Global Fund to the Trust Fund by 31 March 2021, the Administration Agreement with the World Bank provides for continued engagement between the World Bank and the Global Fund, and financial and programmatic reporting to be provided to the Global Fund, throughout the period during which funds will be disbursed by the World Bank to the Government of India under the loan.

3.8 Engagement with the Office of Inspector General

The Secretariat has actively engaged with the Office of the Inspector General throughout negotiations with the World Bank.

This arrangement does not give the accesses usually afforded to the Global Fund, because the funds will not leave the World Bank, and the World Bank is unable to provide the Global Fund with access to its own books and records, arguing it impinges on their immunities. This restriction is similar to that which exists for UN entities which receive Global Fund funds. Because Global Fund funds will not flow beyond the World Bank, the Secretariat, and the Board, will be fully reliant on the World Bank's own audit and investigation arrangements for financial assurance on the use of funds.

Regarding investigation notification and confidentiality, the Administration Agreement with the World Bank provides that if the World Bank is made aware of any credible and material allegations of fraud, misuse or corruption, the World Bank will investigate it in accordance with their policies and procedures. There is no explicit requirement in the Administration Agreement that the World Bank will notify the Global Fund immediately of any such allegations; rather, the language in the Administration Agreement suggests that disclosure of any such allegations will occur "as soon as practicable" and may be linked to the "outcome of the investigation". Furthermore, information on such investigation is provided on the condition that the Global Fund agrees to keep it "confidential" unless it's already public.

Regarding programmatic assurance, the Secretariat and the OIG will continue to have access to the national tuberculosis program's monitoring and evaluation systems under the existing Government of India tuberculosis grant and, as such, its ability to review activities under the India TB grant, most critically the systems and data underpinning the disbursement-linked indicators under the loan, is not restricted. This includes the ability to independently verify any programmatic results reported under the India TB grant as well as under the World Bank loan.

The OIG has not objected to this specific transaction on two main bases: a) the OIG will continue to have access to the national tuberculosis monitoring and evaluation systems under the existing Government of India tuberculosis grant and, as such, its ability to review activities under the India TB grant is not restricted; and b) with respect to this loan buydown arrangement, the Secretariat has confirmed that the Global Fund disbursements are not contingent on any programmatic milestones or other conditionalities that may need to be independently validated. Based on these factors, the OIG does not object to the risk profile of this specific transaction.

As the Global Fund expands the scope of innovative financing arrangements with these partners, a framework is needed to establish a clear governance model for the arrangements, including the appropriate level of access as well as the nature and source of assurance that the Board expects. Until such a framework is established, the absence of an OIG objection to an individual transaction such as this loan buydown should not be construed as setting a precedent for future similar arrangements with the World Bank or other development partners.

For the reasons noted above, the Secretariat has commenced conversations with the World Bank about a potential framework agreement and there is a strong intention on both sides to conclude a framework agreement in a timely fashion. The OIG welcomes this development and, within the scope of its mandate, will support the Secretariat towards achieving a satisfactory and timely outcome with the World Bank.

3.9 Final GAC review and recommendations:

- The Audit and Finance Committee (AFC) has endorsed, both a *Structured Approach to Innovative Finance* as well as a *Framework for Joint Investments in Blended Finance* to oversee joint investments in blended finance mechanisms, including loan buy downs. The 'Updated Framework for Joint Investments in Blended Finance Mechanisms' is designed to ensure that the Global Fund's investment in blended finance achieves its strategic purpose of leveraging additional funds and achieving impact within the Global Fund's mandate while staying within the Global Fund's risk appetite.
- The GAC commended the joint efforts of all involved parties in establishing this ground-breaking innovative financing initiative for the common goal of accelerating TB elimination in India and making progress towards global End TB Strategy targets. The GAC also applauded the partnership surrounding the outlined blended financing strategy, which has allowed for the mobilization of additional resources, while fostering sustainability, maximizing impact, and harmonizing donor funding and technical assistance for TB elimination efforts in India.
- The GAC noted that an agreement has been reached on the terms of the Administration Agreement with the World Bank, further noting that the draft Administration Agreement is undergoing internal clearance at the World Bank. The GAC also appreciated that an upper ceiling of US$1 million has been put in place for administrative costs, with an additional amount of US$0.6 million provided for financing the prepayment premia arising out of the execution of each individual Buy-Down transaction.
- In addition, the GAC welcomed the commitment from the Government of India about the continued increased allocation to TB control program especially during the loan disbursement period. GAC acknowledged that the Government of India has significantly increased its allocation for the National TB control program in recent years, that India's Revised National Tuberculosis Control Programme (RNTCP) is a high priority program and aims to achieve rapid decline in burden of TB and noted the statement of commitment to End TB in India by 2025, five years ahead of the SDGs.
- The GAC further noted the Secretariat's efforts and ongoing conversations with the World Bank to establish a potential framework agreement, so as to establish a clear governance model for the outlined arrangement and similar innovative initiatives in the future, including the appropriate level of access as well as the nature and source of assurance that the Board expects.

3.10 Supporting documents[10] **:**

Additional supporting documents that are provided to substantiate the Board decision are as follows:

[10] Available here. Please note this document is part of an internal deliberative process of the Global Fund and as such cannot be made public.

1. Detailed Analysis of the India TB Loan-buy-down against the Innovative Finance Framework Guiding Principles and Operational Considerations
2. Administration Agreement between the Global Fund and The International Bank for Reconstruction and Development;
3. Disbursement Linked Indicator (DLI) Matrix;
4. Disbursement Arrangements and Verification Protocol;
5. Commitment Letter from the MOHFW/Government of India;
6. Summary budget

Central African Republic TB/HIV: Croix-Rouge Française (CAF-C-CRF)

3.11 With an HIV prevalence rate of 4 percent, there is an estimated number of 136,000 people living with HIV in the Central African Republic as of 2018. The coverage of antiretroviral therapy (ART) is estimated to decrease from 27 to 23 percent by 2020 under the current allocation. Viral load testing that started in 2017 is anticipated to achieve an estimated 30 percent coverage by December 2018.

With the additional investment made through portfolio optimization, the Central African Republic will be able to increase new ART cohorts by 7,500 people per year, expanding ART coverage from 23 to 39 percent by 2020. Furthermore, the additional funding will fill viral load gaps in the current grant and addresses viral load needs for 30 percent of new ART enrolments.

Congo TB/HIV: La Croix-Rouge Française (COG-C-CRF)

3.12 TB component

The Republic of Congo is among the 30 high TB burden countries. In 2017, it was estimated that 20,000 people developed TB, but only 10,005 were notified and the treatment coverage was 51 percent with 77 percent treatment success rate. The country is planning on rolling-out the new MDR-TB treatment regimen, starting in the second quarter of 2019, pursuant to WHO rapid communication from August 2018.

The additional funding provided through portfolio optimization will i) provide treatment for 90 additional patients, resulting in a total of 340 people treated for MDR-TB by the end of 2020; and ii) support the transition to the new WHO recommendation for treatment.

3.13 HIV component

The HIV prevalence in the Republic of Congo is estimated at 3.2 percent for the general population and at 4.1 percent among women. Although a high number of pregnant women attended antenatal clinics at least once during their pregnancy (93 percent), only 33 percent of pregnant women have been tested for HIV and 16.3 percent received ART in 2016. Vertical HIV transmission rate is estimated at 25.6 percent at 18 months. The current grant ensures continuity of treatment for the existing cohort of HIV positive patients but does not provide room for new ART inclusion, including for pregnant women who are newly diagnosed as HIV positive.

The additional investment made through portfolio optimization will ensure continued PMTCT activities. The grant aims to: i) diagnose and treat 3,866 HIV positive pregnant women by 2020 (43 percent of the estimated PMTCT needs); ii) support viral load testing for 50 percent of new enrollments; iii) increase the coverage of early infant diagnosis (EID) of HIV from 6 to 34.2 percent; and iv) expand the pediatric ART coverage from 37 to 49 percent (with additional 269 cases) by 2020.

Eritrea Malaria: Ministry of Health of the State of Eritrea (ERI-M-MOH)

3.14 Eritrea is the first country in Sub Saharan Africa to demonstrate a significant proportion of Plasmodium falciparum (Pf) with histidine-rich protein 2 deletions (pfhrp2), resulting in false negative results with the most commonly used type of rapid malaria diagnostic test (RDT). In addition, Eritrea's epidemiologic context requires a combination RDT to allow diagnosis of both P.falciparum and P.vivax malaria, leading to limited options among available RDTs. This led to the suspension of diagnostic testing by RDTs and use of presumptive treatment where microscopy was not available for six months until the introduction of a new type of RDT in 2017. However, the product used is not WHO prequalified and following the use of this product it has recently failed several quality assurance analyses. WHO GMP has

been working with the country to assess suitable alternatives to allow for testing to continue. As a result, there is a need for a change in diagnostic strategy and procurement of new products, which is addressed through the additional funding, along with continued quality control and assurance.

Eswatini TB/HIV: National Emergency Response Council on HIV and AIDS (SWZ-C-NERCHA)

3.15 Eswatini remains among the countries with the highest TB and HIV burdens, with an HIV prevalence of 31 percent, TB incidence of 397 per 100,000 and TB/HIV co-infection rate of 70 percent. In the current grant, there is a gap in medical male circumcision for adolescent males (age group of 10 to 14 years old). The circumcision for adolescent males has more impact as the prevalence among this age group is lower, so the partial protection from HIV Infection tends to grow from the 60 percent to over 70 percent when these young men get circumcised before sexual debut.

The additional funds will go towards the scale up of the Voluntary Medical Male Circumcision (VMMC) intervention under the module "prevention programs for adolescents and youth, in and out of school" to address the gap and will allow to increase current targets to 11,720 circumcisions over three years (compared to previous targets of 4,680).

Kenya Malaria: National Treasury of the Republic of Kenya (KEN-M-TNT)

3.16 Kenya's long-lasting insecticide-treated net (LLIN) mass campaign targets 23 counties in malaria endemic zones (lake and coast), highland epidemic-prone zones and 7 sub-counties with irrigation areas. The current Global Fund grant addresses 50.9 percent of the total LLIN need for the 2020 campaign.

A portion of the remaining gap is addressed by the additional investment made through portfolio optimization and will enable the procurement and distribution of an additional 2.2 million LLINs, bringing the total to 10.1 million LLINs to cover 15.5 counties. This represents 65 percent of the total LLIN need for the 2020 campaign.

The award of additional funding was conditional upon the PR (The National Treasury) undertaking a commitment to repay outstanding Office of Inspector General (OIG) and non-OIG recoveries due to the Global Fund. A formal letter has been received to fulfill this condition, based on which the GAC is recommending the incorporation of the award.

Mongolia TB: Ministry of Health of Mongolia (MNG-T-MOH)

3.17 The current TB grant in Mongolia aims to increase the case detection rate by 10 percent annually to detect 5,346 cases in 2018, 6,281 in 2019 and 7,098 in 2020 from the 37 percent case detection, through WHO-recommended systematic screening of key and vulnerable populations.

The additional funding of US$500,000 of funding provided through portfolio optimization represents a part of the overall award and will support: training and capacity building of all health care workers on TB screening, diagnosis and treatment; increased awareness on TB through information, education and communication activities contributing towards increased case detection; improving screening of TB through the project on improving the screening for viral hepatitis; and to focus on high burden TB provinces along the Trans-Siberian route. The remaining portfolio optimization award is being further elaborated with country stakeholders and Partners will subsequently be presented for Board approval.

As a result of the currently incorporated additional investment, grant targets will be increased for coverage indicator 'TCP-1(M): Number of notified cases of all forms of TB-(i.e. bacteriologically confirmed and clinically diagnosed), includes new and relapse cases' by 2 percent in 2019 (6,565) and 4percent in 2020 (7,676). Targets will also be increased for both indicators MDR TB-2(M): Number of TB cases with RR-TB and/or MDR-TB notified and MDR TB-3(M): Number of cases with RR-TB and/or MDR-TB that began second-line treatment from 288 to 318 in 2019 and 360 to 391 in 2020.

Moldova TB/HIV: Public Institution -Coordination, Implementation and Monitoring Unit of the Health System Projects (MDA-C-PCIMU)

3.18 Moldova is planning on rolling-out the new MDR-TB treatment regimen, starting in the second quarter of 2019, pursuant to WHO rapid communication from August 2018.

The portfolio optimization investment will cover the costs of drugs and will allow to transition 496 patients to the new regimen in 2019. Whilst supporting the transition to the new WHO recommendation for treatment, it does not include funding required for lab services, particularly expected significant scale up for second-line drug susceptibility testing (DST).

Nepal TB: Save the Children Federation (NPL-T-SCF)

3.19 Nepal recently adopted a new Public-Private Mix strategy (PPM) to integrate private care providers into the national TB treatment and care program and to facilitate the reporting of treatment of TB cases through the private sector to the national program.

The additional funds provided through portfolio optimization will support the roll-out of the PPM strategy and will fund a situational analysis of persons seeking treatment and care in the private sector to inform further prioritization of interventions. In addition, the funds will help expand current PPM activities to remaining high burden districts with a focus on increasing case notification by targeting case management in private hospitals, doctors, pharmacies and laboratories in prioritized high burden areas/cities; supporting the expansion of the Directly Observed Treatment Short course strategy to private hospitals, where TB cases are diagnosed; and strengthening of data recording and reporting. Moreover, the additional funding will support the engagement with medical doctors with TB expertise in each of Nepal's administrative provinces and will finance the establishment of provincial PPM task-forces. As a result of the outlined activities, it is anticipated that an additional 3300 TB cases will be identified and diagnosed over the remaining two years of the grant.

Togo HIV: Primature de la République Togolaise (TGO-H-PMT)

3.20 The HIV grant was signed with significant programmatic and financial gaps for HIV treatment, which were estimated at €4.9 million. Interventions related to these programmatic gaps were registered in the UQD as high priority interventions.

A portion of the outlined gap is addressed through the additional funding provided through portfolio optimization and will cover the enrollment of 2,706 people per year in 2019 and 2020, increasing ART coverage from 69 to 74 percent. Moreover, the funding will cover viral load tests and monitoring for all 11,849 ART enrollments in 2019, increasing viral load coverage from 29 to 50 percent by 2020.

Tajikistan TB: Republican Center of Tuberculosis Control (TJK-T-RCTC)

3.21 Tajikistan is among the 30 high multidrug-resistant TB countries according to the WHO and is planning on rolling-out the new MDR-TB treatment regimen.

The additional investment provided through portfolio optimization will cover the costs of drugs and will allow to transition an additional 496 patients to the new regimen in 2019. Whilst supporting the transition to the new WHO recommendation for treatment, it does not include funding required for lab services, particularly expected significant scale up for second-line DST.

Viet Nam TB: Viet Nam National Lung Hospital (VNM-T-NTP)

3.22 According to WHO estimates, 9 percent of all TB cases in Viet Nam in 2015 were among children under the age of 15. However, national notification rates were only around 2.5 percent out of all notified cases in 2015 and 3.7 percent in 2017. Comparatively, public-private/public-public mix (PPM) partnerships notified 10,639 TB cases in 2017 (10 percent of all notified TB cases).

The additional funding will support the development of guidelines for PPM of Childhood TB, working with paediatric hospitals and paediatric departments of general/infectious diseases hospitals, covering 20 provinces and cities and scaling up Practical Approach to Lung Health (PAL) to 20 provinces by the National Tuberculosis Program and 6 provinces by Center for Community Health Development (CCHD). As a result, it is anticipated that the proportion of childhood TB cases notified among total TB cases will increase to 5.5-6 percent by 2020 as well as increased treatment success to more than 90 percent. The additional investment will also contribute to scaling up Latent Tuberculosis Infection (LTBI) and PPM related activities.

4. Additional Matters

4.1 The Board is hereby notified that the Secretariat, in order to prevent program disruption during grant-making, approved extensions in Table 3 as follows:

Table 3: Extensions Approved by the Secretariat

Applicant	Disease Component	Grant Name	Currency	Total Extension Budget	Additional Funding	Proposed Extension Duration (Months)	Proposed End Date
Gabon	TB	GAB-T-CERMEL	EUR	185,302	0	6	30-06-19

5. Privileges and Immunities

5.1 Of the applicants for which funding recommendations are currently being made, Senegal, Moldova and Togo have signed and ratified the Global Fund Agreement on Privileges and Immunities. Of the applicants included in the multicountry grant, Ethiopia has signed and ratified the Global Fund Agreement on Privileges and Immunities and Uganda has signed the Agreement.

Annex 1 – Relevant Past Decisions

1. Pursuant to the Governance Plan for Impact as approved at the Thirty-Second Board Meeting,[11] 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/SC04/DP02: 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/AFC04/DP01: 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/AFC07/DP03: 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/AFC08/DP01: 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
GF/B38/EDP08: Decision on the Secretariat's recommendation for funding the Central African Republic's TB/HIV grant	This decision point approved the Central African Republic TB/HIV grant (CAF-C-CRF)
GF/B38/EDP16: Decision on the Secretariat's recommendation for funding the Congo TB/HIV grant	This decision point approved the Congo TB/HIV grant (COG-C-CRF)
GF/B37/EDP05: Decision on the Secretariat's recommendation for funding Eritrea's Malaria grant	This decision point approved the Eritrea Malaria grant (ERI-M-MOH)
GF/B39/EDP01: Decision on the Secretariat's recommendation for funding Eswatini's TB/HIV grant	This decision point approved the Eswatini TB/HIV grant (SWZ-C-NERCHA)
GF/B38/ER02: Decision on the Secretariat's recommendation for funding Kenya's malaria grant	This decision point approved the Kenya Malaria grant (KEN-M-TNT)
GF/B37/EDP07: Decision on the Secretariat's recommendation for funding Mongolia's TB grant	This decision point approved the Mongolia TB grant (MNG-T-MOH)

[11] 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/)

Relevant past Decision Point	Summary and Impact
GF/B37/EDP07: Decision on the Secretariat's recommendation for funding Moldova's TB/HIV grant	This decision point approved the Moldova TB/HIV grant (MDA-C-PCIMU)
GF/B38/EDP15: Decision on the Secretariat's recommendation for funding Nepal's TB grant	This decision point approved the Nepal TB grant (NPL-T-SCF)
GF/B37/EDP07: Decision on the Secretariat's recommendation for funding Togo's HIV grant	This decision point approved the Togo HIV grant (TGO-H-PMT)
GF/B38/EDP15: Decision on the Secretariat's recommendation for funding Tajikistan's TB grant	This decision point approved the Tajikistan TB grant (TJK-T-RCTC)
GF/B37/EDP07: Decision on the Secretariat's recommendation for funding Viet Nam's TB grant	This decision point approved the Viet Nam TB grant (VNM-T-NTP)
GF/SC05/18: Updated Framework for Joint Investments in Blended Finance Mechanisms	This decision point approved the Updated Framework for Joint Investments in Blended Finance Mechanisms
GF/B38/EDP08: Decision on the Secretariat's recommendation for funding India's TB grants	This decision point approved the India TB grants (IND-T-CHRI, IND-T-CTD, IND-T-FIND, IND-T-IUATLD)
GF/B37/EDP07: Decision on the Secretariat's recommendation for funding Senegal's HIV grants	This decision point approved the Senegal HIV grants (SEN-H-ANCS and SEN-H-CNLS)
GF/B37/EDP05: Decision on the Secretariat's recommendation for funding Guinea's malaria grant	This decision point approved the Guinea M grant (GIN-M-CRS)