

# Electronic Report to the Board

## Report of the Secretariat's Grant Approvals Committee

GF/B48/ER02

### Board Decision

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

1. GF/B48/EDP02: Decision on the Secretariat's Recommendation on Funding from the 2020-2022 Allocation<sup>1</sup>
2. GF/B48/EDP03: Decision on the Secretariat's Recommendation on Additional Funding to Finance Unfunded Quality Demand from the 2020-2022 Allocation Period<sup>2</sup>

*Document Classification: Internal.*

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<sup>1</sup> The Secretariat recommends the approval of funding from the 2020-2022 Allocation for (i) 2 grants: Bolivia HIV/TB and Ecuador HIV, up to an amount of **US\$19,095,585** of country allocation funding; (ii) and 1 multicountry grant (multicountry Southern Africa MOSASWA) up to an amount of **US\$6,000,000** of catalytic investments and **US\$18,000,000** of private sector contribution.

<sup>2</sup> **US\$41,650,076** of portfolio optimization funding, of which **US\$21,650,076** will be integrated into the Cuba HIV and Zambia Malaria grants, and **US\$20,000,000** will finance a partial World Bank **US\$300,000,000** loan buy-down in Indonesia assessed as consistent with core TB grant goals, as set out at Table 2. The Secretariat also recommends the approval of **US\$2,700,000** of private sector funds from the Red Nose Day Fund at Comic Relief Inc. to be integrated into the Liberia malaria grant.

## Decision

### **Decision Point: GF/B48/EDP02: Decision on the Secretariat's Recommendation on Funding from the 2020-2022 Allocation**

The Board:

1. Approves the funding recommended for each country disease component, and its constituent grants, as listed in Table 1 of GF/B48/ER02 ("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.

This decision does not have material budgetary implications for operating expenses.

### **Decision Point: GF/B48/EDP03: Decision on the Secretariat's Recommendation on Funding Unfunded Quality Demand from the 2020-2022 Allocation Period**

The Board:

1. Approves the revised budget recommended for the grants listed in Table 2 of GF/B48/ER02 ("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

#### Secretariat's Recommendation on Funding from the 2020-2022 Allocation

The Secretariat recommends the approval of funding from the 2020-2022 Allocation for (i) 2 grants: Bolivia HIV/TB and Ecuador HIV, up to an amount of **US\$19,095,585** of country allocation funding; (ii) and 1 multicountry grant (multicountry Southern Africa MOSASWA) up to an amount of **US\$6,000,000** of catalytic investments and **US\$18,000,000** of private sector contribution.

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](#).

#### Secretariat's Recommendation on Additional Funding

The Secretariat recommends the approval of:

- **US\$41,650,076** of portfolio optimization funding, of which **US\$21,650,076** will be integrated into the Cuba HIV and Zambia Malaria grants, and **US\$20,000,000** will finance a partial World Bank **US\$300,000,000** loan buy-down in Indonesia assessed as consistent with core TB grant goals, as set out at Table 2.

- Portfolio optimization funding recommendations 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.
- **US\$2,700,000** of private sector funds from the Red Nose Day Fund at Comic Relief Inc. to be integrated into the Liberia malaria grant.
- 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](#).

## **Input Sought**

The Board is requested to review the request and agree on a 'no objection' basis, the decision point GF/B48/EDP02: Decision on the Secretariat's Recommendation on Funding from the 2020-2022 Allocation; and GF/B48/EDP03: Decision on the Secretariat's Recommendation on Funding Unfunded Quality Demand from the 2020-2022 Allocation Period.

**Table 1: Secretariat’s Recommendation on Funding from the 2020-2022 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 <sup>4</sup>	Catalytic Funds in Grant	Domestic Commitment <sup>5</sup>	Unfunded Quality Demand
1	<a href="#">Bolivia</a>	HIV/TB	BOL-C-UNDP	31/12/2025	US\$	13,089,821	-	HIV: 42,316,046 TB: 13,292,414	3,443,070
2	<a href="#">Ecuador</a>	HIV	ECU-H-MOH	31/12/2025	US\$	6,005,764	-	HIV: 31,633,700	2,447,367
3	<a href="#">Multicountry Southern Africa MOSASWA</a>	Malaria	QPA-M-LSDI	31/12/2025	US\$	24,000,000 <sup>6</sup>	6,000,000	Multicountry grants are not subject to co-financing requirements <sup>7</sup>	-

**Table 2: Secretariat’s Recommendation on Additional Funding to Finance UQD from the 2020-2022 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 <sup>8</sup>	Recommended Additional Funding	Revised Program Budget <sup>9</sup>
1	<a href="#">Cuba</a>	HIV	CUB-H-UNDP	Portfolio Optimization	US\$	17,394,860	2,600,766	19,995,626
2	<a href="#">Indonesia</a>	TB	IND-T-IBRD	Portfolio Optimization	US\$	-	20,000,000	20,000,000

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

<sup>4</sup> The Program budget for the Grant may be higher than the Program budget being recommended to the Board for approval where COVID-19 Response Mechanism funding has been integrated into the Grant.

<sup>5</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. Please note that the domestic commitments included in this report are recorded as of the date of the GAC meeting and may be updated during implementation for countries that have been granted policy flexibilities.

<sup>6</sup> The Program budget for QPA-M-LSDI includes US\$18,000,000 of private sector contributions.

<sup>7</sup> Multicountry grants (comprised of catalytic funding, but no country allocation) are exempt from co-financing requirements.

<sup>8</sup> The previously approved Program budget for the Grant is exclusive of COVID-19 Response Mechanism funding or Emergency Fund funding that has been approved for integration/integrated into the Grant.

<sup>9</sup> The Program budget for the Grant may be higher than the Program budget being recommended to the Board for approval where COVID-19 Response Mechanism funding has been integrated into the Grant.

3	<a href="#">Liberia</a>	Malaria	LBR-M-PII	Private Sector	US\$	20,479,626	2,700,000	23,179,626
4	<a href="#">Zambia</a>	Malaria	ZMB-M-MOH	Portfolio Optimization	US\$	44,434,586	15,349,311	59,783,897
			ZMB-M-CHAZ			21,854,574	3,699,999	25,554,573

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

Unless otherwise specified below, each applicant has met the co-financing requirements for the 2017-2019 allocation period and has made sufficient co-financing commitments for the 2020-2022 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.

Unless otherwise specified below, following GAC recommendation, the Grant Confirmations relating to these grants have been transmitted to the Principal Recipients to commence the grant signature process contingent to Board approval. These grants will be countersigned by the Global Fund only if Board approval is obtained and will not come into effect until full execution. Execution will be subject to any further revisions recommended by the Board.

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

## **Bolivia HIV/TB: United Nations Development Programme (BOL-C-UNDP)**

### 1.1 Background and context

Bolivia has shown great progress in its HIV response. Since 2010, the HIV mortality rate has declined by 66 percent, while the incidence rate decreased by 13 percent. The HIV epidemic is concentrated among key populations, specifically men who have sex with men (MSM) and transgender women, with a prevalence of 30.8 percent and 25.7 percent, respectively. Bolivia has seen uneven progress towards the HIV testing and treatment cascade. While HIV diagnostic coverage increased to 92 percent in 2021, treatment and viral suppression fell short at 60 percent and 63 percent respectively.

Furthermore, the country's tuberculosis (TB) incidence rate is among the highest in the Americas, with 58.9 cases per 100,000 in 2021 (an 8 percent increase from the previous year). Between 2010 and 2020, TB incidence decreased by 3.3 percent annually. Treatment coverage of multidrug-resistant TB (MDR-TB) diagnosed patients increased from 49 percent in 2013, to 83 percent in 2020. TB mortality stood at 11 cases per 100,000 in 2020.

Bolivia's 2020-2022 HIV/TB program's goals include to (i) support the reduction of new HIV cases (with a focus on key populations) and (ii) lower TB incidence to 1.5 percent by 2025, through:

- improving access to HIV prevention and diagnosis for key populations;
- strengthening the linkage, retention, and access to ARV treatment and viral load suppression for people living with HIV (PHLIV);
- offering TB care services, case detection, diagnosis and treatment to reduce the TB burden; and
- strengthening MDR-TB care services with early diagnosis, case detection, treatment and follow-up to reduce the MDR-TB burden.

### 1.2 GAC review and recommendation

- The GAC acknowledged the overall advancement of HIV and TB outcomes in Bolivia, while noting the significant gap and need for improvement in the HIV treatment cascade. The

Secretariat highlighted that a linkage and retention plan was developed in 2019 to address the low HIV treatment coverage; however, progress was stalled by the COVID-19 pandemic. The linkage and retention plan will be updated by July 2023 following a comprehensive study in March 2023 to identify issues and inform strategies. The Secretariat will support and closely monitor progress.

- The GAC commended Bolivia's ongoing efforts to increase domestic financing of HIV and TB programs and reduced dependency on donors. The Secretariat will continue to support the country in defining roles of in-country stakeholders to strengthen sustainability and prepare for successful transition in the future.

## **Ecuador HIV: Ministry of Public Health of the Republic of Ecuador (ECU-H-MOH)**

### **1.3 Background and context**

Ecuador has made consistent progress in the HIV response. Between 2010-2021, HIV mortality and incidence declined by 58 percent and 16 percent respectively - partly due to universal access to antiretroviral therapy (ART) since 2013. While Ecuador has made improvements in the HIV treatment cascade since 2015, it fell short of achieving the 90-90-90 strategic goals. In 2020, 90 percent of people living with HIV knew their status, 80 percent were on treatment, and 80 percent had suppressed viral loads. The HIV epidemic is highly concentrated, with a prevalence of 0.4 percent in the general population but much higher rates in key populations. In 2021, HIV prevalence was 18.3 percent among transgender women, 9.7 percent for MSM and 1.2 percent in sex workers.

Ecuador is one of the most important transit and destination countries for the migrant and refugee populations in the Latin America and the Caribbean region. According to data from the Ministry of Public Health (MoPH), there are 3,587 foreign PLHIV in Ecuador (7.6 percent of the general PLHIV), mainly from Venezuela, followed by Peru and Cuba. Out of these people, 72 percent are receiving antiretrovirals (ARVs) and, of them, 67.9 percent have a suppressed viral load – which is lower than in the general population. The Global Fund supports a study to identify the conceptual and operational framework of HIV prevalence focusing on “difficult to reach” populations.

Ecuador's 2020-2022 allocation period program aims to support (i) achieving the 95-95-95 targets through preventive interventions; and (ii) reducing access barriers to health services for key populations through:

- increasing access to HIV prevention and early diagnosis for key populations, including the scaling up of HIV self-testing and PrEP in the country;
- promoting linkages with health services, early initiation of treatment and adherence; and
- strengthening community-based approaches and social contracting.

### **1.4 GAC review and recommendation**

- The GAC noted Ecuador's programmatic progress and steps towards overcoming challenges to sustainability in this grant. The Secretariat informed the GAC that the country will update its transition plan and budget to be submitted to the Global Fund by 31 December 2023.
- The Secretariat highlighted that the National Strategic Plan for HIV is currently under review to prepare priorities and objectives for the next cycle. The Secretariat is working closely with the Principal Recipient and Country Coordinating Mechanism to support this activity and to advocate for increased political and financial commitment to prioritize the HIV strategy in the annual government budget.



## Multicountry Southern Africa MOSASWA Malaria: Lubombo Spatial Development Initiative (QPA-M-LSDI)

### 1.5 Background and context

The MOSASWA malaria regional grant is a pivotal component of malaria elimination efforts in southern Africa. It is a continuation of a collaborative public-private cross-border initiative between Mozambique, South Africa and ESwatini. Southern Mozambique has a high malaria burden and is the primary source of malaria importation into South Africa and ESwatini. The goal of this program is to work collaboratively to accelerate to pre-elimination in southern Mozambique (Maputo, Gaza, Inhambane Provinces) and catalyze the elimination of malaria in ESwatini and South Africa, to achieve zero local transmission in Eswatini, South Africa and Maputo province.

Epidemiological trends show progress towards elimination in target areas. In Southern Mozambique, malaria incidence fell by 75 percent in the districts where indoor residual spraying activities were implemented, from 2018 to 2021. In South Africa, the number of imported cases fell by 55 percent, from 3,871 cases in 2015 to 2,148 in 2020. Similarly, the four regions in ESwatini recorded a significant drop in imported cases from over 300 cases in 2019 to under 100 by 2021.

The MOSAWA 2021-2025 Strategic Plan remains aligned with the malaria strategic plans of the three countries and the multicountry Southern Africa Elimination 8 (E8) malaria grant, while implementing a more focused set of interventions that are unique to the epidemiology and the priorities of the tri-border area. The 2020-2022 allocation period program will support efforts to: (i) reduce malaria incidence and prevalence by 40 percent in southern Mozambique; and (ii) eliminate malaria in ESwatini and some districts South Africa by 2025, through:

- establishing the cross-border initiative to: (i) coordinate, harmonize policies, strengthen sub-national capacity; and (ii) share data, expertise and strategic information among the three countries to accelerate achievement of the goal of malaria elimination;
- expanding access to malaria elimination interventions with particular focus on mobile and migrant populations, malaria risk localities and residents to rapidly reduce and interrupt malaria transmission;
- strengthening capacity for malaria surveillance, operational research and monitoring and evaluation to support elimination efforts, respond to outbreaks and resurgence and generate evidence for intervention response; and
- mobilize resources and advocate for increased and sustainable malaria financing.

### 1.6 Risks and mitigation measures

**Co-financing.** Co-financing requirements are not applicable to the Multicountry Southern Africa MOSASWA Malaria grant, which is comprised solely of catalytic funding. Ensuring sustainability of activities financed under this grant and all multicountry catalytic investments will remain a priority.

### 1.7 GAC review and recommendation

- The GAC and Partners appreciated the sustained alignment of this regional grant with malaria programs of the three countries and expressed their strong support for it to move forward. Partners particularly noted the complementarity with other national and regional initiatives, notably the E8 malaria grant. GAC Partners inquired on whether sustainability considerations for E8 are expected to impact implementation of the MOSASWA grant. The Secretariat clarified that while the MOSASWA grant maintains a close collaboration with the E8 grant, operations will not be affected – as the MOSASWA grant focuses on supporting cross border collaboration, while E8 supports regional advocacy. The Secretariat took the opportunity to underline that it

will continue to work alongside the partnership, keeping regional collaboration and coordination high on the agenda going forward.

- The multicountry MOSASWA grant proposed for approval includes additional investments from two private sector donors. In line with practices in the 2020-2022 allocation period, the GAC recommended the inclusion of a grant requirement, making the disbursement of grant funds subject to the availability of funding from the relevant donors to mitigate any risks of delayed donor payments.
- The GAC also acknowledged that an advance procurement is expected to be processed, in line with exceptions envisaged as part of Global Fund procurement processes, to allow for timely procurement of commodities for year 1 of the grant.

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

### **Additional Funding to Finance UQD from the 2020-2022 Allocation Period**

In 2018, the Secretariat operationalized the '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 in line with the Strategy Committee decision (GF/SC04/DP02).<sup>10</sup>

In August 2022, the Executive GAC recommended US\$96 million for immediate award to fund high impact interventions from the Register of Unfunded Quality Demand. The recommended countries reflect priority investment cases, where there were time sensitive needs. Priority areas include: (i) gaps in malaria (insecticide-treated bed nets); (ii) TB (diagnosis); and (iii) urgent ARVs needs to prevent stock outs in Q1 2023.

These 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 procedures. The GAC will continue to recommend grant revisions integrating additional funds awarded to countries through portfolio optimization in the GAC reports to the Board. Additionally, the Secretariat will continue to report on progress to the relevant Committees of the Board. The following section details the process and approach used to arrive at GAC recommendations on portfolio optimization, and details around the four specific recommendations contained in this report.

In this report, the Secretariat recommends to the Board additional funding revisions for Cuba HIV (CUB-H-UNDP); Liberia malaria (LBR-M-PII); Zambia malaria (ZMB-M-MOH, ZMB-M-CHAZ) and a TB loan buy-down in Indonesia. The GAC confirmed that these awards are in line with the criteria contained in the Prioritization Framework.

### **Cuba HIV: United Nations Development Programme (CUB-H-UNDP)**

#### **2.2 Investment case**

The HIV epidemic in Cuba is concentrated among key population groups. In 2021, prevalence remained at 0.4 percent among the general population, but stood at 5.6 percent for MSM and 19.7 percent for transgender people. The COVID-19 pandemic has had a significant negative impact on Cuba's macroeconomic situation, with the economy shrinking by 10.9 percent and GDP per capita falling by 10.8 percent in 2020. The pandemic also severely disrupted health services, including HIV response, domestic absorption of health products and national production capacity for ARVs. Between 2019 and 2021, HIV prevention services fell for MSM and transgender people by 50 percent and 17 percent,

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<sup>10</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.

respectively. HIV testing services also declined by 27 percent for MSM and 30 percent for transgender people in the same period. Additionally, new HIV diagnosis and ARV therapy enrollment dropped by 46 percent.

Cuba's ongoing macroeconomic crisis and funding constraints have limited the country's ability to import health commodities in a timely manner. The country is facing severe shortages of HIV health products, including condoms, lubricants, ARVs, rapid diagnostic tests and viral load tests. While Cuba's co-financing commitment for the 2020-2022 allocation period still exceeds the 15 percent minimum requirement, the Government has re-forecasted its commitment from US\$8,086,000 to US\$4,212,085 due to the significant negative impact on the economic situation. This will affect the quantity of health products available to implement Cuba's HIV National Strategic Plan.

Additional funding through portfolio optimization will cover the Government co-financing gap for health products caused by the impact of COVID-19 and the economic crisis and maintain life-saving services. This investment will ensure adequate supply of health products needed in 2022 and 2023 to reach programmatic targets for HIV prevention, testing and treatment targets. Funding will specifically procure 248,362 rapid diagnostic tests and 38,709 viral load tests, as well as 1,989,264 condoms and 1,375,840 lubricants. Additionally, USD 309,846 will finance the gap in the national ARV procurement plan for 2023 (total of USD 2,139,491) to ensure achievement of the ART coverage targets for 2023.

## **Indonesia World Bank Loan Buy Down: Strengthening National Tuberculosis (TB) Response**

### 2.3 Investment case

#### **Country context and rationale**

Indonesia has the second highest TB burden worldwide. In 2021, the country accounted for 8 percent of TB cases worldwide, with TB incidence over 824,000 people, including amongst 18,000 PHLIV. In addition, Indonesia faces a rising burden of MDR-TB. In 2020, more than 11,000 people were diagnosed with MDR-TB, but less than half (5,300) were treated. TB's impact on health and human capital is devastating, and the corollary economic burden is substantial. The overall annual cost of TB incidence and treatment has been estimated to be US\$6.9 billion, with the loss of productivity due to illness and premature death accounting for the largest share of that economic impact.

The COVID-19 pandemic has compounded Indonesia's TB burden by disrupting access to essential health services. Material decrease in TB notifications threatens reversal of past treatment gains and increases in both morbidity and mortality. Health services disruption also risks increased drug-resistant TB.

The Government of Indonesia intends to take a US\$300 million loan from the World Bank to support a Program for Results (PforR) focused on the TB response. The World Bank loan will finance integral components of Indonesia's National TB Program beginning in 2023. The program, implemented by Indonesia's Ministry of Health (MoH), aims to improve coverage, quality and efficiency of TB services in Indonesia, supporting the National TB Program's ambitious goal of reducing new TB cases by 90 percent by 2030.

The World Bank loan will focus on three main areas:

- **strengthened subnational TB response**, including (but not limited to) a subnational fiscal transfer mechanism based on improvements in TB performance and improved supply side readiness;
- **strengthened TB care among private primary care health providers**, including (but not limited to) improved access to TB program diagnostics and drugs among private primary care providers, strengthened payment mechanisms, strengthened logistics and regular sample transport modalities; and

- **enhanced digital systems for TB and evidence informed policy**, including (but not limited to) an integrated TB transaction-based information system and robust performance measurement and verification system.

### **Loan Buy Down Structure Funding Sources and Oversight**

Global Fund financing will “buy down” a US\$300 million World Bank loan, covering the costs of interest, and, if necessary, principal during the 5-year loan agreement grace period. Since Indonesia is no longer eligible for International Development Association interest rates from the World Bank, the Global Fund contribution will play a significant role in ensuring that the higher cost of lending does not dissuade Indonesia from making critical investments and enhancements in TB. The Global Fund US\$20 million buy down investment, through portfolio optimization, will be supplemented by a US\$1.12 million Innovative Finance Strategic Initiative investment to cover related World Bank fees and program management costs. The total US\$21.12 million Global Fund investment will be disbursed to a World Bank single donor trust fund and buy down payments from the trust fund are conditioned on achievement of agreed disbursement-linked results (DLRs) that complement Global Fund core TB Grant goals.

National systems and entities, including the Supreme Audit Institution, and other national implementers are expected to be leveraged in the achievement and verification of the agreed results, and in assurance provided with respect to the World Bank project (including the Global Fund investment). The Secretariat will work closely with the country and partners to support and monitor results achievement as a precondition to the use of Global Fund financing for the loan buy down. Subject to Government consent, the Global Fund will also be invited to participate in joint oversight missions with the World Bank to assess results progress and achievement.

At the World Bank’s request, and following significant internal deliberation, the Secretariat has agreed to sign the Administrative Agreement (AA) governing this investment prior to final signature of the underlying Loan Agreement between the World Bank and the Government of Indonesia. However, the World Bank is providing a letter confirming that they will not make a call of funds to the Global Fund until after the Loan Agreement is signed. Specific mention of this assurance is not included in the terms of the AA, and the Global Fund has noted to the World Bank that it will rely on World Bank letter assurances regarding the timing of any call of funds.

The Global Fund has also made clear to the World Bank that the Global Fund trust fund contribution will be treated as a financial commitment for purposes of the Global Fund’s internal policies and procedures, and that the Global Fund’s contribution shall be considered “liquidated” upon written notification by the Global Fund to the World Bank that the Global Fund investment has been deposited in the trust fund. Finally, the World Bank agreed to AA terms conditioning any changes to DLRs on prior notice to the Global Fund. This is expected to ensure that DLRs supporting the rationale for loan buy down remain consistent.

### **Strategic Focus of Global Fund investment in the World Bank’s “Strengthening National Tuberculosis Response Program”**

The Secretariat’s review of the Global Fund’s proposed investment in this World Bank loan buy down is supported by strong Secretariat rationale. The loan buy down provides an opportunity for the Global Fund to complement its existing investments in Indonesia, catalyze additional TB grant investments based on the following:

- **Reduced structural barriers impacting quality, coverage and sustainability of TB investments**, and improved outcomes and impact of the national program and Global Fund core grant.
- **Leveraging synergies with the Global Fund’s Indonesia TB grant (IND-H-MOH)**, especially by working with sub-national institutions, the National Health Insurance Agency, and the private sector. The Global Fund grant currently supports the MoH and community partners in Indonesia

to achieve the objectives of the national strategic plan for TB, including support for improved case notification, scale up of DR-TB treatment, efforts to connect private sector providers to the National TB program, undertaking active case finding and contact tracing and improving the availability and reliability of TB data. The payment for results modality specifically provides incentives for the private sector to accelerate the achievement of TB targets. The project also positions the integration of the fight against TB in the broader context of building resilient and sustainable systems for health.

- **Overall, the buy down supports key Global Fund Strategy (2023-2028) priorities** of mobilizing increased resources through blended finance mechanisms with development banks, maximizing people centered integrated systems for health, use of payment for results modalities to strengthen efficiency and impact and strengthening country health financing systems to improve sustainability. The loan buy down also directly responds to the November 2021 Global Fund Board Decision (GF/B46/DP04) requesting the Secretariat and partners to continue pursuing innovative finance opportunities to increase funding to tuberculosis in high burden countries.

### **Engagement with the Office of the Inspector General**

The OIG noted improved Secretariat review and assessment of this Indonesia transaction. The OIG also raised concerns about aspects of the broader processes for joint/blended financing which the Secretariat is addressing. The OIG exceptionally granted its 'no objection' for the Indonesia transaction on condition that the GAC explicitly accepts the risk regarding the limited clarity on how sexual exploitation and abuse (SEA) investigations will be managed recognizing the nature and context of the investment described above.

### **Secretariat's Overall assessment of Risk and Impact**

- The GAC supported the risk assessment of the proposal, developed and reviewed as part of the formal Secretariat screening including with senior management, and concurred that the proposed loan buy down offers an acceptable level of risk given the potential for impact on the National TB Program, global TB targets and strengthening systems for health. In particular, the proposed loan supported program is ambitious and will require the MoH to reform and improve its capabilities and therefore this investment carries a significant level of operational risk. However, the potential impact of the Global Fund's investment is significant relative to its size and allows the Global Fund to meaningfully contribute to funding reforms that materially improve Indonesia's capacity and results in its fight against TB in a country, noting that Indonesia's TB burden has significant implications for the global fight against this disease.
- The Secretariat notes that there is low risk of programmatic results not being achieved and results achievement is a precondition of the Government's request to access Global Fund buy down funds.
- The program for results methodology incentivizes sub-national agencies to achieve TB targets that correlate with critical constraints to achieving and sustaining programmatic gains in prior Global Fund TB grants in Indonesia. The proposed program for results approach and expected results, therefore, will help mitigate key impediments to impact of the current Global Fund TB grant.
- The program for results engagement for TB builds on successful experience in previous primary care reform projects and the recent initiation of performance-based grants for MoH to improve district engagement and provide strong incentive to reach targets.
- While the use of national systems (including for implementation, verification and overall assurance) may present some risks, leveraging government systems (including the Supreme Audit Institution) should help improve and strengthen their capacity.

### **Final GAC review and recommendation**

- The GAC commended the joint efforts of all involved parties in the design and negotiation of this blended finance transaction, acknowledging the Secretariat's early and consistent engagement with the World Bank and Indonesian Government on design, scope and substance of results targets and Global Fund financing conditions. The GAC acknowledged progress made in strengthening the due diligence and review of blended finance transactions, building on lessons learned from previous transaction review, and close engagement of main functional teams across the Secretariat.
- The GAC highlighted its support for more innovative financing to unlock domestic resources in the current resource-constrained context, consistent with the current Global Fund Strategy.
- The GAC highlighted that this joint investment would contribute to tackling one of the highest TB burden countries supported by Global Fund core grant funding, and noted the program's complementarity with ongoing Global Fund investments in Indonesia, as well as the high potential for impact on global TB targets and across the Global Fund's wider TB portfolio. The GAC noted that Indonesia is a fast-growing economy and efforts to strengthen sustainability are critical, and that this buy down will support results that improve domestic resource mobilization and addresses sustainability bottlenecks.
- The GAC acknowledged the outcome of the TRP review which concluded that this Prioritized Above Allocation Request intervention supporting the loan buy down is quality demand, technically sound and aligned with the gaps and weaknesses previously identified by the TRP, relating to Indonesia's allocation and overall national strategies, goals, and objectives of the MoH and National TB Plan. The GAC also acknowledged the TRP recommendations around the planned TB prevalence survey, reconsidering certain indicators at the time of the mid-term review, and the recommendation to include the TRP in the mid-term review. The GAC discussed these recommendations within the broader context of WHO guidance, the structure of the transaction, and the DLIs negotiated with the World Bank and the Government of Indonesia.
- The GAC wished to complement the TRP's feedback to the applicant and will engage with the TRP on lessons learned to inform future deals and will provide feedback to the TRP through standard channels including a TRP-GAC debrief.
- Regarding the OIG's position on SEA above, the GAC noted that the Secretariat has engaged with the World Bank to understand their approach to issues of SEA, and, in consultation with the Ethics Officer, acknowledged the remaining uncertainty on which institution will investigate SEA matters in some contexts, and accepted risks associated with this uncertainty based on the limited nature of the Global Fund's investment and corollary limited risk that Global Fund financing will be implicated in SEA matters. The GAC agreed that the Secretariat will monitor SEA matters arising out of Global Fund financing very closely and will continue dialogue with the World Bank to better understand which national institution will manage related SEA matters and capacity of such institution(s) to do so.
- Finally, the GAC commended Indonesia's commitment to addressing TB, noting that the majority of the national TB response has been financed through domestic funding. The GAC welcomed the ambitious targets of Indonesia's National TB Program and commitment shown through co-financing.

## **Supporting documents**

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

1. The Program Appraisal Document on the Proposed Loan in the Amount of US\$300 million to the Republic of Indonesia for a Strengthening National Tuberculosis Response Program
2. Loan Agreement for 'Strengthening National Tuberculosis Response Program' between Republic of Indonesia and The International Bank for Reconstruction and Development
3. Administration Agreement between the Global Fund and the International Bank for Reconstruction and Development concerning the Global Fund Buy Down for Indonesia Tuberculosis Program for Results Single-Donor Trust Fund
4. Verification Protocol - Disbursement Linked Indicators
5. Budget Summary

## **Liberia Malaria: Plan International, Inc. (LBR-M-PII)**

### 2.4 Investment case

Malaria is endemic in Liberia with continuous transmission throughout the year and the entire population at risk. Malaria accounts for an estimated 35 percent of all outpatient cases and 48 percent inpatient cases. However, certain populations are disproportionately affected, including children under five years of age and pregnant women, who in 2019 accounted for 35 percent and 10 percent of cases, respectively.

The National Community Health Assistant Program (NCHAP) launched in 2016 has supported the fight against malaria in Liberia. The program oversees a large cadre of Community Health Assistants (CHAs) and Community Health Services Supervisors (CHSSs) deployed to provide essential services to populations living beyond five kilometers from a health facility. The scale-up of the NCHAP in Montserrado county was identified as a priority in Liberia's 2020-2022 allocation period funding request, however the needs assessment was not available at the time. In August 2021, the NCHAP conducted a geospatial mapping of the catchment communities in Montserrado county. The analysis revealed that 733 communities are currently underserved, and 495 CHAs and 50 CHSSs are needed.

This proposed revision incorporates additional funding from the private sector contribution from Red Nose Day Fund at Comic Relief Incorporated. In accordance with the terms of the agreement, US\$ 2.7 million will be immediately available through a grant revision to support the Liberia program, and the remaining US\$300,000 allocated upon submission of a final satisfactory report on the utilization of the funds.

This funding will allow for an additional 335 CHAs and 34 CHSSs to be deployed in underserved hard-to-reach communities in Montserrado county for the remaining period of the grant (2.5 years), filling the gap for the total need of 495 CHAs and 50 CHSSs in Montserrado county. The additional community health workers will contribute to the overall malaria control efforts in those communities. The CHAs will focus on diagnostics and treatment of malaria cases within the communities, targeting children under five and pregnant women. They will also provide other essential services as part of the Integrated Community Case Management of Childhood Illnesses (iCCM), mainly treatment of pneumonia and diarrhea among children under five. The CHSSs will provide routine supervision, mentoring and clinical support to the CHAs. With this additional funding, the full needs of Liberia's community health strategy are fully met.

## **Zambia Malaria: Ministry of Health Zambia; Churches Health Association of Zambia (ZMB-M-MOH; ZMB-M-CHAZ)**

### 2.5 Investment case

Malaria is endemic in Zambia, with the entire population at risk. The malaria burden has been on the rise, with the number of cases detected increasing by 85 percent, between 2018 to 2020. Additionally, nationwide vector control coverage has been declining, according to the recent Malaria Indicator Survey (2021) it is at 57 percent. These trends have been driven by the impact of climate change, delays in vector control interventions and insufficient coordination to ensure high vector control.

A new Malaria Strategic Plan for 2022-2026 has been developed in response to the unravelling epidemiological context in Zambia. The revised plan changes the vector control strategy from a mosaic approach to universal coverage, with long-lasting insecticidal nets (LLINs) as the main vector control intervention and emphasizes on strengthening coverage and quality iCCM at the community level. Proposed approaches to strengthen both vector and case management strategies will ensure reduction of malaria transmission and enhance early access to treatment at community level.

This additional funding through portfolio optimization will bolster the revised strategic plan by investing in TRP recommended UQD interventions. The bulk of the funding will be invested in LLINs for the next mass campaign planned in Q3 2023. It will procure 5,336,635 piperonyl butoxide LLINs to cover critical needs in high-risk areas across 10 provinces. Timely procurement is critical to ensure LLINs are delivered before the raining season begins in July 2023 and the Secretariat plans to make arrangements to expedite the process in line with Global Fund procurement processes. The remaining funds will support community interventions contributing to malaria case finding, treatment and pandemic surveillance and response. Funds will procure health commodities, including artemisinin-based combination therapies (ACTs) and rapid diagnostic tests (RDTs), as well as trainings at the community level.

The Secretariat highlighted that the Principal Recipients will use the Global Fund's Pooled Procurement Mechanism (PPM) to procure all commodities, including the LLIN, ACTs and RDTs. The LLINs are expected to be delivered directly to district warehouses under the incoterms which significantly reduces in country handling.



## Privileges and Immunities

3.1 Of the applicants for which funding recommendations are currently being made, Liberia and Mozambique have signed and ratified the Global Fund Agreement on Privileges and Immunities.

*Document Classification: Internal.*

*Document Circulation: Board Members, Alternate Board Members, Constituency Focal Points and Committee Members.*

*This document may be shared by the Focal Points within their respective Board constituency. The document must not however be subject to any further circulation or otherwise be made public.*

## Annex 1 – Relevant Past Decisions

Pursuant to the Governance Plan for Impact as approved at the Thirty-Second Board Meeting,<sup>11</sup> the following summary of relevant past decision points is submitted to contextualize the decision points proposed in Section I above.

<b>Relevant past Decision Point</b>	<b>Summary and Impact</b>
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/AFC19/DP03: Approval of Available Sources of Funds for Portfolio Optimization and Financing Unfunded Quality Demand for the 2020-2022 Allocation Period	This decision point approved US\$150 million to be made available for portfolio optimization
GF/AFC17/DP03: Approval of Available Sources of Funds for Portfolio Optimization and Financing Unfunded Quality Demand for the 2020-2022 and 2017-2019 Allocation Period	This decision point approved US\$100 million to be made available for portfolio optimization
GF/B44/EDP01: Decision on the Secretariat's recommendation for funding the Cuba HIV grant	This decision point approved the Cuba grant (CUB-H-UNDP)
GF/B44/EDP01: Decision on the Secretariat's recommendation for funding the Indonesia TB grant	This decision point approved the Indonesia grant (IDN-T-MOH)
GF/B45/EDP03: Decision on the Secretariat's recommendation for funding the Liberia Malaria grant	This decision point approved the Liberia grant (LBR-M-PII)
GF/B44/EDP04: Decision on the Secretariat's recommendation for funding the Zambia Malaria grants	This decision point approved the Zambia grants (ZMB-M-MOH; ZMB-M-CHAZ)
GF/B46/DP04: Global Disease Split for the 2023-2025 Allocation Methodology	Through this decision point, the Board requested the Secretariat and partners to continue pursuing innovative finance opportunities to increase funding to TB in high burden countries.

<sup>11</sup> 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/>)