

Electronic Report to the Board

Report of the Secretariat's Grant Approvals Committee

GF/B49/ER07

Board Decision

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

1. GF/B49/EDP08: Decision on the Secretariat's Recommendation on Funding from the 2023-2025 Allocation¹
2. GF/B49/EDP09: Decision on the Secretariat's Recommendation on Additional Funding to Finance Unfunded Quality Demand from the 2020-2022 Allocation Period ²

Document Classification: Internal.

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¹ The Secretariat recommends the approval of funding from the 2023-2025 Allocation for 9 grants: Bangladesh TB, Nigeria Malaria, Nigeria RSSH, Philippines HIV, Philippines TB and Philippines Malaria, up to an amount of **US\$743,090,389** of country allocation funding, including matching funds of **US\$5,000,000** for Bangladesh TB, **US\$1,750,000** for Philippines HIV, and **US\$4,000,000** for Philippines TB.

² The Secretariat recommends the approval of **US\$5,755,221** of portfolio optimization funding to be integrated into the Ghana HIV/TB grant.

Decision

Decision Point: GF/B49/EDP08: Decision on the Secretariat's Recommendation on Funding from the 2023-2025 Allocation

The Board:

1. Approves the funding recommended for each country disease component, and its constituent grants, as listed in Table 1 of GF/B49/ER07 ("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/B49/EDP09: 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 grant listed in Table 2 of GF/B49/ER07 ("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 2023-2025 Allocation

The Secretariat recommends the approval of funding from the 2023-2025 Allocation for 9 grants: Bangladesh TB, Nigeria Malaria, Nigeria RSSH, Philippines HIV, Philippines TB and Philippines Malaria, up to an amount of **US\$743,090,389** of country allocation funding, including matching funds of **US\$5,000,000** for Bangladesh TB, **US\$1,750,000** for Philippines HIV, and **US\$4,000,000** for Philippines TB.

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 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 hereby recommends the approval of:

- **US\$5,755,221** of portfolio optimization funding to be integrated into the 2020-2022 allocation period Ghana HIV/TB grant 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.
- 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/B49/EDP08: Decision on the Secretariat's Recommendation on Funding from the 2023-2025 Allocation; and GF/B49/EDP09 Decision on the Secretariat's Recommendation on Additional Funding to Finance Unfunded Quality Demand from the 2020-2022 Allocation Period.

Table 1: Secretariat's Recommendation on Funding from the 2023-2025 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	Bangladesh	TB	BGD-T-BRAC	31 Dec 2026	US\$	59,799,584	5,000,000	74,709,001	112,186,973
2		TB	BGD-T-NTP	31 Dec 2026	US\$	66,011,495	-		
3	Nigeria	Malaria	NGA-M-CRS	31 Dec 2026	US\$	315,933,900	-	765,445,613	503,466,095
4		Malaria	NGA-M-NMEP	31 Dec 2026	US\$	80,877,025	-		
5		RSSH	NGA-S-LSMOH	31 Dec 2026	US\$	4,100,440	-		
6		RSSH	NGA-S-NTBLCP	31 Dec 2026	US\$	42,557,406	-		
7	Philippines	HIV	PHL-H-PSFI	31 Dec 2026	US\$	26,837,000	1,750,000	168,147,667	3,508,980

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. Please note that the domestic commitments will only be reported when formalized through the signing of an official Commitment Letter and final co-financing figures will be shared with the Board for the 2023-2025 allocation period once signed letters have been received by the Secretariat. Commitments may be updated during implementation for countries, including to reflect any policy flexibilities that may have been granted.

8		Malaria	PHL-M-PSFI	31 Dec 2026	US\$	6,953,360	-	28,626,022	2,301,116
9		TB	PHL-T-PBSP	31 Dec 2026	US\$	140,020,179	4,000,000	145,682,292	104,333,144

Table 2: Secretariat's Recommendation on Additional Funding to Finance UQD from the 2020-2022 Allocation Period

N	Applicant	Disease Component	Grant Name	Additional Funding Source	Currency	Previous Approved Grant Budget ⁵	Recommended Additional Funding	Revised Grant Budget for approval ⁶
1	Ghana	HIV/TB	GHA-C-MOH	Portfolio Optimization	US\$	79,260,800	5,755,221	85,016,021

⁵ The previously approved Program budget for the Grant is exclusive of COVID-19 Response Mechanism (C19RM) funding that has been approved for integration/integrated into the Grant.

⁶ The Program budget for the Grant may be higher than the Program budget being recommended to the Board for approval where C19RM funding has been integrated into the Grant.

Summary of the Deliberations of the Secretariat's Grant Approvals Committee on Funding Recommendations

This section will provide an overview of some grants recommended by the GAC, prioritizing for Board visibility by, among others, level of financing, strategic risks and impact on the achievement of the 2023-2028 Global Fund Strategy. Grant summaries will also highlight key observations and recommendations made by the GAC and Partners, as well as other key strategic issues. Unless otherwise specified, each applicant has met the co-financing requirements for the 2020-2022 allocation period and has made sufficient co-financing commitments for the 2023-2025 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 grant's 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, each applicant has engaged communities and civil society representatives during grant-making in line with the 2023-2028 Global Fund Strategy.

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:

Bangladesh TB: BRAC; and Economic Relations Division, Ministry of Finance of the People's Republic of Bangladesh (BGD-T-BRAC, BGD-T-NTP)

1.1 Background and programmatic context

Bangladesh is classified as a high TB burden country. The country has achieved significant milestones towards reaching the targets outlined in the END TB Strategy. Notably, between 2015 and 2020, the country recorded an estimated 35 percent reduction in TB-related deaths. Even with the setbacks caused by the COVID-19 pandemic, 2021 marked the highest case notification rate to date, with treatment coverage reaching 82 percent. Furthermore, the treatment success rate for TB patients has consistently surpassed 90 percent.

In line with the National Strategic Plan, the TB program aims to bolster TB elimination efforts and:

- reduce the incidence of all forms of TB by 50 percent by 2025 from the 2015 baseline; and
- reduce the incidence of all forms of TB by 90 percent by 2035 from the 2015 baseline.

1.2 Co-financing commitment

2020-2022 allocation period: Bangladesh fulfilled its co-financing commitment for this allocation period, exceeding commitments. The Government of Bangladesh allocated US\$58 million to the national TB program, covering the provision of first-line TB drugs, procurement of health and non-health products, maintenance and enhancement of the TB care infrastructure and human resources and strengthening laboratory networks.

2023-2025 allocation period: Per the signed commitment letter, the Government will increase its health sector expenditure by 2 percent annually from 2023 to 2025. Additionally, the country will allocate US\$74 million towards the TB program in the 2023-2025 allocation period, thereby fulfilling their co-financing requirements.

1.3 Risks and mitigation measures

Throughout the 2020-2022 allocation period, the TB program has maintained the high-quality implementation of its core activities and made significant strides to improve program outcomes, including the expansion of the rapid molecular diagnostic network, expansion of case finding interventions, including to high-risk groups, the roll-out of all-oral DR-TB regimens, a zero-day ambulatory treatment model, and the expansion of TB preventive therapy as well as TB/HIV collaborative activities. The program experienced challenges with health product availability in 2021 and 2022 due to global supply constraints, quantification issues, and administrative delays in customs clearance. These gaps resulted in reduced achievement in case notification and overall grant targets. Mitigation measures were implemented in the 2020-2022 allocation period grant and enhancements are proposed for the 2023-2025 allocation period, focusing on improved procurement planning, and strengthened coordination between supply teams, and customs entities. Furthermore, a health product management risk mitigation plan is currently being developed, in accordance with TRP recommendations.

Bangladesh is projected to achieve upper-middle-income status by 2026, however the economic setbacks caused by the COVID-19 pandemic may hinder preparations for reduced funding and a gradual transition from Global Fund support. To maintain progress and avoid disruptions, the Secretariat will intensify advocacy efforts for an effective transition plan.

1.4 GAC review and recommendation

- The GAC acknowledged the program's successes in the 2020-2022 allocation period, which included a 44 percent reduction in TB mortality and an 82 percent treatment coverage rate reported at the end of 2021. The Secretariat also emphasized the consistently high treatment success rate with drug-susceptible TB at 95 percent and retreatment cases at 89 percent for the 2020 cohort. The GAC noted the program's robust and rapid recovery from the COVID-19 impact on the TB program, which saw a 60 percent drop in case notifications from 2019 to 2020, but fully rebounded by Q4 of 2021.
- The GAC and Partners praised the program's design for its ambitious interventions, incorporating insights from previous experiences by adopting a program continuation strategy. Specifically, the proposed grant emphasizes enhanced TB case detection and patient care continuity. This includes scaling up active case finding and screening among high-risk demographics, such as garment workers, the elderly, women and prisoners. It also underscores the involvement of the private sector throughout the care cascade, minimizing patient drop-offs along the treatment journey, and better case detection among children. Furthermore, the grant aims to bolster laboratory capabilities, expand TB preventive therapy, enhance case detection and treatment results for drug-susceptible TB (DS-TB), and promote widespread community-based and led activities to aid both implementation and oversight.
- The GAC and partners noted that despite achieving significant efficiencies during grant-making, which enabled prioritization of childhood TB and DR-TB within the allocation, gaps remain. Specifically, supplies for GeneXpert cartridges and TrueNat are projected to cover only 47 percent of patients in the 2023-2025 allocation period. The Secretariat will continue to work with Partners to actively seek opportunities for additional resources during implementation, including incorporating further efficiencies from price reductions for GeneXpert cartridges, Bedaquiline, and *once-weekly isoniazid-rifapentine for 12 weeks* and potential reinvestments from C19RM, where relevant.
- The GAC highlighted deficiencies in the TB central warehouse's storage practices, posing risks to health products and equipment. The Secretariat emphasized mitigation measures in place, such as: (i) a collaborative effort with stakeholders and partners to enhance central storage facilities, and (ii) the introduction of a third-party logistics solution by 2024, managed by BRAC. Additionally, The Global Fund is developing guidelines on third-party logistics/fourth-party logistics contracting that will be provided to the country to aid in its execution once finalized.

Complementarity with C19RM: The C19RM Portfolio Optimization Wave 2 investments and the 2023-2025 allocation period Funding Request were developed concurrently through an inclusive consultative process, ensuring a synergistic and holistic approach. As the focus transitions from an immediate COVID-19 response, there is a heightened emphasis on Health and Community Systems Strengthening and Pandemic Preparedness. Reinvestment strategies specifically target high-priority gaps in these areas. The Secretariat identified a clear alignment with C19RM in several strategic areas including strengthening surveillance systems, enhancing laboratory and diagnostic services, investing in human resources to boost health and community systems, supporting the provision of medical oxygen and respiratory care and improving the management of health products and waste systems.

Nigeria Malaria: Catholic Relief Services - United States Conference of Catholic Bishops; and National Malaria Elimination Programme of the Federal Ministry of Health of the Federal Republic of Nigeria (NGA-M-CRS, NGA-M-NMEP)

1.5 Background and programmatic context

Nigeria bears the heaviest global malaria burden, accounting for 27 percent of cases and 31 percent of deaths in 2021. Of these 200,000 deaths, 94 percent occurred among children under five. Despite this significant burden, Nigeria has made progress in its malaria response, with malaria prevalence dropping from 42 percent in 2010 to 22 percent in 2021. Notably, from 2013 to 2022, the coverage of Seasonal Malaria Chemoprevention (SMC) expanded from 300,000 children to 25 million. Moreover, 100 percent case management coverage was achieved in 2021 and 2022, with about 29 million cases tested and 21 million malaria cases treated in the 13 Global Fund-supported states.

In line with the National Strategic Plan, the key objectives of Nigeria's malaria programs are to:

- achieve a parasite prevalence of less than 10 percent by 2025; and
- reduce mortality attributable to malaria to less than 50 deaths per 1,000 live births by 2025.

Additionally, the grants will build on the lessons and progress from previous allocation periods to:

- continue supporting malaria programming in 13 states, with a view to ensure delivery of a basic and equitable package of malaria services focused on the most vulnerable populations;
- adopt highly prioritized sub-national tailoring to 'go beyond modeling and start using granular data to determine how to deliver the selected intervention mix at the local governorate level;
- accelerate opportunities for integration of community-based malaria interventions for an effective and efficient delivery of malaria interventions;
- transfer selected responsibilities from non-state to state entities, using a risk-based and phased approach; and
- continue to use credible technical service providers and partners to support selected areas as prioritized by the National Malaria Elimination Program in line with current National Strategic Plan and relevant emerging programmatic needs.

1.6 Co-financing commitment

2020-2022 allocation period: Due to exceptional circumstances stemming from Nigeria's macroeconomic challenges, the Secretariat granted a co-financing waiver for the 2020-2022 allocation period for co-financing commitments related to malaria. This was primarily because of the delayed operationalization of a loan from two international financial institutions, intended to be one of the primary co-financing sources. The delayed operationalization of the loan arose from delays in Nigeria macroeconomic reforms, including the establishment of a unified and flexible exchange rate, eliminating fuel subsidies and tax reforms. After recent elections and governmental shifts, these reforms were implemented in May 2023, prompting the commencement of the loan disbursements, which are ongoing at the time of this report. It is important to note that despite these challenges, the Government of Nigeria has invested considerably towards the co-financing requirements.

Despite challenges, State governments in Nigeria, supported by the Global Fund, have evidenced their financial contributions to the malaria response, especially for malaria commodities and warehousing. Domestic procurement of long-lasting insecticide-treated nets is anticipated within the first 18 months of the loan activation, during the 2023-2025 allocation period.

2023-2025 allocation period: Nigeria has conditionally met its co-financing commitment. While an initial commitment letter was received for all disease components, the Secretariat adjusted the co-financing adherence baseline in light of the macroeconomic landscape, accounting for the significant local currency depreciation. A commitment letter reflecting an appropriate RSSH/disease split and strengthened reporting methodology will be received within six months of the implementation period's start date, as required by the Grant Confirmation.

1.7 Risks and mitigation measures

For strengthened programmatic capacity at the national level, joint capacity evaluations were executed in 11 out of the 13 states receiving support from the Global Fund. These assessments aim to bolster state involvement in malaria grant operations for the 2023-2025 allocation period, notably in supervising routine activities and select processes of Insecticide Treated Net (ITN) and Seasonal Malaria Chemoprevention campaigns. The results of these evaluations have been crucial in shaping capacity building strategies for each state and setting the foundation for a phased transition of certain tasks in the upcoming grant period.

The complex macroeconomic environment in Nigeria, notably the 80 percent devaluation of the Naira in 2023 due to the exchange rate markets unification, pose a potential risk to the adequate financing of malaria interventions. While a growth in the domestic health budget during the 2023-2025 allocation period is projected, prevailing macroeconomic and fiscal challenges could hinder the necessary funding for these interventions. The Secretariat will closely monitor socio-economic trends to ensure adaptive and optimized implementation.

1.8 GAC review and recommendation

- The GAC and Partners acknowledged the difficult prioritization jointly made by the Secretariat and in country stakeholders during grant-making. They further applauded the outcome of grant-making recognizing that it took place in the context of a challenging macroeconomic environment and noted that the grants addressed all TRP recommendations and were designed to maximize impact given the circumstances.
- The GAC and Partners acknowledged the remaining gaps for ITNs, case management, SMC, and *Sulphadoxine Pyrimethamine for Intermittent Preventive Treatment in Pregnancy and Perennial Malaria Chemoprevention* within the malaria program, while also commending the significant efficiencies realized during grant-making. Partners applauded the Secretariat's efforts to maximize resources through integrated planning and alignment with current reference prices. The Secretariat is working with the Federal and State governments to mobilize additional resources to cover part of the funding gaps and will continue to seek avenues to address programmatic gaps with the support of the Partnership, including leveraging macroeconomic trends and possible exchange rate efficiencies to bridge the remaining deficits.
- The GAC highlighted sustainability risks to the national malaria response given the country's limited domestic health investment, inadequate financial protection for vulnerable groups, imbalanced health resource distribution and disjointed health financing system. Partners emphasized the need for collective advocacy to prompt the government to boost health expenditure and secure additional resources.

Nigeria RSSH: Lagos State Ministry of Health; and National Tuberculosis & Leprosy Control Programme (NGA-S-LSMOH, NGA-S-NTBLCP)

1.9 Background and programmatic context

Nigeria's health system faces significant challenges, from insufficient infrastructure to a weak surveillance system. Human resources, largely centered in urban locales, lack capacity, and the drug

supply chain remains inconsistent. Despite these challenges, the RSSH interventions build on successes from the 2020-2022 allocation period and primarily aim to bolster health systems to tackle public health issues effectively, equitably and with lasting effects. Investments from the Global Fund, particularly through the RSSH grants and C19RM, have led to tangible improvements in health services at various levels, particularly on health products management systems, community system strengthening and lab systems strengthening.

In line with National Strategic Plans, the key objectives of Nigeria's RSSH grants are to:

- build a responsive and resilient health systems that promote universal access to quality healthcare services by 2026; and
- strengthen the health system through targeted interventions that support the federal government to effectively coordinate health investment at all levels for HIV, TB and malaria services by 2030.

1.10 Risks and mitigation measures

A recent capacity assessment indicated that one of the Principal Recipients (National Tuberculosis and Leprosy Control Programme) requires strengthening in areas such as flow of funds arrangements, internal controls and financial management. Capacity-building activities have already begun for the existing RSSH Sub-recipients, in collaboration with Gavi, the Vaccine Alliance. The Secretariat will collaborate with the Principal Recipients and other implementing entities to enhance their organizational management systems and implement recommendations from the capacity assessment. Technical assistance will be provided to accelerate implementation and proactively monitor and address any implementation challenges.

1.10 Co-financing commitments

Please refer to section 1.6 above.

1.12 GAC review and recommendation

- The GAC and Partners underscored the need for sustained collective engagement to ensure that investments in RSSH are impactful and play a crucial role in the fight against HIV, TB and malaria within the country, considering the ongoing socio-economic challenges the country is currently facing. The GAC Partners praised the focus on the RSSH investments and recognized the substantial contributions from and complementarity with the C19RM investments. Given the significance of investments in expanding access to oxygen through the C19RM investment, Partners expressed interest in regular updates on the progress to ensure sustained momentum.
- **Complementarity with C19RM:** Nigeria's 2023-2025 allocation period Funding Request was developed alongside Nigeria's C19RM refocusing exercise to ensure maximal synergy. This considered the ongoing HIV, TB, malaria and RSSH programs, the upcoming grants and already approved C19RM Portfolio Optimization Wave 1 activities. A key shift was from immediate COVID-19 interventions to longer-term health systems strengthening and Pandemic Preparedness interventions. The Secretariat also undertook a broad assessment of the health landscape, analyzing existing funding mechanisms. This deep dive aimed to identify bottlenecks in implementation and to steer investments more strategically. Some initiatives in Nigeria's grants have been adjusted and reallocated for funding through C19RM, ensuring efficient use of resources and avoiding overlaps. For the 2023-2025 allocation period, C19RM funds will prioritize: (i) laboratory system upgrades, (ii) increased investments in Oxygen, (iii) improvements to surveillance systems, (iv) the introduction of multi-disease testing platforms like digital X-rays and TrueNat – foundational tools for future diverse disease testing, (v) an expansion of community-led monitoring based on current implementations and (vi) bolstered Supply Chain systems.
- The GAC recognized the transformative contribution of current C19RM investments in bolstering and establishing a solid foundation for the RSSH grant's success. This includes the oxygen support through the procurement of 63 pressure swing adsorption oxygen generating plants and health facility upgrades; investment in genomic sequencing to strengthen Nigeria's

genomic surveillance; improved surveillance in 12 states with emphasis on emergency operations and digital disease reporting platforms; enhancements in lab systems set to achieve data integration and national accreditation by 2024-2025; and community systems strengthening projects that enhance community-level service delivery and reporting across various states.

- The Secretariat will maintain proactive management and consistent monitoring to ensure that the funding from RSSH aligns with and complements that of C19RM, preventing any overlaps. Continuous monitoring will be conducted on these grants to ensure there is no overlap and that funding sources complement each other.

Philippines HIV, TB and Malaria: Pilipinas Shell Foundation, Inc. (PHL; and Philippine Business for Social Progress, Inc. (PHL-H-PSFI, PHL-T-PBSP, PHL-M-PSFI)

1.13 Background and programmatic context

The Philippines is grappling with a fast-rising HIV epidemic predominantly among key populations, evidenced by a 418 percent increase in new cases from 2010 to 2022. In 2022, 87 percent of the estimated 24,000 new infections were among men who have sex with men (MSM), while 3 percent and 1 percent were amongst transgender women (TGW), and people who inject/use drugs, respectively. Projections show numbers of people living with HIV (PLHIV) rising from 158,400 in 2022 to 364,000 by 2030.

Moreover, the Philippines ranks high among the highest burden countries for TB. In 2022, the TB incidence stood at 650 per 100,000 population, with a TB mortality rate of 53 per 100,000. In the same year, a total of 328,497 TB cases were registered, with 321,564 being new or relapsed cases. With the introduction of shorter regimens, MDR treatment outcomes have improved, registering a success rate of 73 percent.

The Philippines has made remarkable progress in the malaria response, with malaria cases plummeting from 50,850 in 2004 to 3,206 in 2022. By 2022, 81 of the country's 82 provinces had no reports of indigenous malaria cases and 66 provinces were officially declared malaria-free. Given these shifts in disease patterns, the grant's strategy will aim to eradicate indigenous cases of malaria in Palawan province by 2026.

In line with the National Strategic Plans, the HIV, TB and malaria programs aim to:

- decrease the number of annual new HIV infections by 2026;
- attain 95-95-95 targets for key populations by 2026;
- expand access of key populations and PLHIV to health services;
- decrease TB incidence rate by 4 percent from 650 per 100,000 in 2021 to 622 in 2026;
- halve TB deaths from 54 per 100,000 in 2021 to 27 in 2026;
- eradicate TB catastrophic cost at 42 percent in 2017 to 0 percent in 2026;
- achieve a 90 percent patient satisfaction rate for TB services; and
- achieve malaria-free status across all 82 provinces of the country by 2030.

1.14 Co-financing commitments

2020-2022 allocation period: The Philippines met its co-financing commitments for HIV, TB and malaria during this allocation period. Between 2020 and 2021, the health sector budget increased by 20 percent. While the overall Government budget grew by 4.9 percent, the allocation specifically for health was approved to rise by 10 percent.

2023-2025 allocation period: As per the signed commitment letter, the Government pledges to sustain the current HIV, TB and malaria spending and boost investments in commodities. The health budget is set to increase from US\$14.3 billion in 2022 to US\$15.3 billion for the 2023-2025 period.

1.15 GAC review and recommendation

- **HIV investments:** The GAC expressed concerns about the epidemiological trends of the HIV epidemic in the Philippines, particularly with rising new infections and mortality rates. The Secretariat noted that a root cause analysis has been undertaken, and the comprehensive program design aims to address the primary causes behind the escalating epidemic, focusing specifically on the significant issues of increasing infections and deaths.
- GAC Partners also raised concern over the increased HIV incidence among MSM and highlighted the critical importance of achieving the 46 percent HIV prevention coverage target. Given the challenges posed by geography and diverse key populations, the Secretariat highlighted that an in-depth HIV Prevention Assessment planned in Q4 of 2023, completion of an Integrated Behavioral and Serologic Surveillance study in early 2024, and a new testing strategy, will further tailor HIV prevention interventions and delivery models to specific key populations, in line with TRP recommendations.
- GAC Partners commended the strategic focus of the program and the inclusive consultation process with stakeholders. Partners sought clarity on the rationale behind the target to have 84 percent of PLHIV on antiretroviral (ARV) therapy by 2026. The Secretariat clarified that the target considers: (i) the starting baseline of 42.25 percent in 2022 of total PLHIV on ART; (ii) projected resources; and (iii) an anticipated rise in cases by 2026 given the country's high incidence. The Secretariat emphasized that with the availability of new data in 2024, there will be an opportunity to revise targets and reprioritize interventions, while continuing to advocate for more resources.
- **TB investments:** GAC Partners commended the inclusive collaborative process and strategic focus of the grants. Partners also welcomed the continued political commitment from the Government of the Philippines prioritizing TB and HIV investments, as reflected in the critical domestic contributions towards cartridges and drugs. The discussion highlighted the potential savings from expected price drops in TB diagnostics, which will allow the Secretariat to increasingly address current program funding gaps. The Secretariat will monitor and reallocate any savings from such reductions to bridge gaps in diagnosis and treatment.
- The GAC emphasized the escalating TB incidence and a notably low case notification rate in the Philippines (43 percent). The Secretariat noted that following extensive dialogues with local stakeholders, the current incidence estimations could be overstated. The Philippines has initiated an inventory study to revisit and adjust the TB incidence figures, which will consequently refine the treatment coverage projections.
- **Malaria investments:** The GAC and Partners acknowledged the considerable progress in the country's malaria elimination efforts, emphasizing that strategies have been thoughtfully adapted to the specific needs of target communities. The Secretariat highlighted that domestic resources, including technical assistance from WHO, will continue to be utilized to conduct surveillance activities and prevent the re-establishment of malaria in the rest of the country, which is now malaria-free. Global Fund resources will be primarily dedicated to the last-mile activities in Palawan, and it is projected that zero cases will be reached by 2026. The GAC also stressed the importance of collaboration among all stakeholders to reach the last mile.
- The GAC highlighted that as the malaria program narrows its coverage from three provinces to one and pivots towards targeted mass drug administration in select areas (from 6 to 18 districts), insights from the 2020-2022 allocation period implementation will guide the expansion of this approach to final stretch villages in Palawan reporting malaria cases.
- **Complementarity with C19RM:** The GAC underlined the strategic alignment of Global Fund's core investments and C19RM, noting that the Philippines stands as a potential benchmark for integrating Universal Health Care and Pandemic Preparedness and Response from central governance down to facility and community operations in addressing HIV, malaria and TB. Within the 2023-2025 allocation period, C19RM investments will support country-level coordination and planning, community-driven initiatives, laboratory and surveillance systems, and program management.
- Given the evolving Universal Health Coverage reforms in the Philippines, the Secretariat is establishing an integrated management system to oversee the implementation process of all funding sources, ensuring that funding is optimally utilized and allowing for swift reinvestment choices.

- **Matching Funds.** The GAC noted that Philippines was designated matching funds for three priority areas: HIV: Prevention for key populations; TB: Find and treat the missing people with DS-TB and drug-resistant TB; and RSSH: Scaling-up programs to remove human rights and gender-related barriers. The GAC acknowledged that Philippines met the access and programmatic conditions to receive Matching Funds for the human rights and the TB priority areas but fell slightly short of meeting the access condition for the prevention for key populations priority area. The GAC approved an exception to fully meeting this condition, noting the Philippines proposes widely recognized good quality HIV prevention plans. This includes HIV “Testing for Prevention” which targets Key Populations, and scale-up of pre-exposure prophylaxis, through community-based and community-led structures, but is not captured under the HIV prevention modules in the grants presented for approval. The GAC also acknowledged that a reprogramming exercise is anticipated in year 1 through which the budget for HIV primary prevention may be further increased.

Summary of the Deliberations of the Secretariat's Grant Approvals Committee on Additional Funding Recommendations

The Secretariat has operationalized the Strategy Committee-approved 'Prioritization Framework for Funds that Become Available for Portfolio Optimization and Financing Unfunded Quality Demand' (Prioritization Framework) through a rigorous and comprehensive process, including with inputs from partners, and in line with the Strategy Committee decision (GF/SC04/DP02).⁷

In November 2022, the GAC made portfolio optimization immediate awards totaling US\$63 million, for 10 portfolios. The GAC prioritized funding critical and urgent needs where there was a high potential for increased impact, informed by extensive programmatic analysis and the outcome of a rigorous financial assessment of current and past programmatic performance, while taking into consideration alignment with the aims of the allocation and the need for sustainability of Global Fund investments. These were portfolios where there were urgent needs that did not represent scale up. The GAC also considered urgency, given that several asks required financial commitments to be made or orders to be placed in Q4 2022 or Q1 2023 to account for longer lead times for commodities to arrive in country in a timely manner (e.g., ahead of malaria season or prior to stock outs).

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 procedures. The Secretariat will continue to report on progress to the relevant Committees of the Board.⁸ In this report, the Secretariat recommends to the Board an additional funding revision for the Ghana (GHA-C-MOH) grant.

2.1 Ghana HIV: Ministry of Health of the Republic of Ghana (GHA-C-MOH)

This additional funding revision through portfolio optimization integrates US\$ 5,755,220 to procure ARVs for Ghana's HIV program through the Global Fund's Pooled Procurement Mechanism. Marking a second tranche from the portfolio optimization funds awarded by the GAC in November 2022, this investment will procure additional stock of ARVs, ensuring a 6-month buffer for a cohort of 267,000 PLHIV to preempt a risk of stock-outs for December 2023 and January 2024, particularly for tenofovir-lamivudine-dolutegravir—consumed by 95 percent of adults on first-line treatment.

The Government of Ghana has affirmed its commitment to funding ARVs for 2023-2024 and indicated plans to procure before year's end. However, considering Ghana's challenging macroeconomic situation, the Secretariat finds it essential to secure a buffer stock of ARVs. This strategy aims to maintain ARV availability and treatment continuity in Ghana, while also encouraging local procurement efforts. The GAC endorsed the integration of additional funding, recognizing Ghana's severe macroeconomic challenges, including currency devaluation.

The Secretariat highlighted Ghana received a US\$17.2 million Portfolio Optimization award in November 2022, to cover critical gaps in ARV stocks for 2023 (US\$12.8 million) and rapid diagnostic test (RDT) needs until May 2023 (US\$4.4 million). The GAC confirmed that these awards are in line with the criteria contained in the Prioritization Framework. The Board approved the portion relating to the US\$4.4 million for RDTs, in May 2023 (GF/B49/EDP01).

The Secretariat highlighted a current recoverable amount of US\$ 329,099, expected to be returned to the Global Fund by the Principal Recipient (Ministry of Health of Ghana) through the GHA-C-MOH and

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

⁸ 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.

GHA-M-MOH grants. Discussions are still underway regarding the repayment terms at the time of this report, especially in light of the current macroeconomic challenges. This includes considering refunds of non-VAT related amounts in local currency.

Privileges and Immunities

3.1 Of the applicants for which funding recommendations are currently being made, **none** has signed or ratified the Global Fund Agreement on Privileges and Immunities.

Document Classification: Internal.

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Annex 1 – Relevant Past Decisions

Pursuant to the Governance Plan for Impact as approved at the Thirty-Second Board Meeting,⁹ 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/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/EDP10: Decision on the Secretariat's recommendation for funding the Ghana HIV/TB grant	This decision point approved the Ghana HIV/TB grant (GHA-C-MOH)
GF/B49/EDP01: Decision on the Secretariat's recommendation for Unfunded Quality Demand from the 2020-2022 Allocation Period	This decision point approved additional funding through portfolio optimization funding into the Ghana HIV/TB grant (GHA-C-MOH)

⁹ 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/>)