

Electronic Report to the Board

Report of the Secretariat's Grant Approvals Committee GF/B51/ER02

Board Decision

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

1. GF/B51/EDP03: Decision on the Secretariat's Recommendation on Funding from the 2023-2025 Allocation.¹
2. GF/B51/EDP04: Decision on the Secretariat's Recommendation on Grant Extensions.²

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.

¹ The Secretariat recommends the approval of funding from the 2023-2025 Allocation for 8 grants: Kenya HIV (two grants), Kenya TB (two grants), Kenya Malaria (two grants), Russian Federation HIV and Multicountry Africa ECSA-HC RSSH, up to an amount of **US\$422,832,133** of country allocation funding, including (i) matching funds of US\$15,000,000 for Kenya HIV (two grants), Kenya TB (two grants), Kenya Malaria; and (ii) up to an amount of **US\$5,000,000** in multicountry catalytic funding for Multicountry Africa ECSA-HC RSSH.

² The Secretariat recommends the approval of (i) a 3-month grant extension for the Congo (Democratic Republic) Malaria grant with a total incremental funding of **US\$7,714,186**; and (ii) a 6-month grant extension for the Pakistan HIV grant with a total incremental funding of **US\$2,584,128**.

Decision

Decision Point: GF/B51/EDP03: 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/B51/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/B51/EDP04: Decision on the Secretariat's Recommendation on Grant Extensions

The Board:

1. Approves the extension budget and revised implementation period recommended for each grant listed in Table 2 of GF/B51/ER02 ("Table 2"); and
2. Affirms that any additional funding provided to fund the extension budget (a) shall increase the upper-ceiling amount that may be available for the relevant implementation period for each grant listed in Table 2, and (b) is subject to the availability of funding.

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 8 grants: Kenya HIV (two grants), Kenya TB (two grants), Kenya Malaria (two grants), Russian Federation HIV and Multicountry Africa ECSA-HC RSSH, up to an amount of **US\$422,832,133** of country allocation funding, including (i) matching funds of US\$15,000,000 for Kenya HIV (two grants), Kenya TB (two grants), Kenya Malaria; and (ii) up to an amount of **US\$5,000,000** in multicountry catalytic funding for Multicountry Africa ECSA-HC RSSH.

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 Grant Extensions

The Secretariat hereby recommends the approval of:

- A 3-month grant extension for the Congo (Democratic Republic) Malaria grant with a total incremental funding of **US\$7,714,186**, as set out at Table 2.
- A 6-month grant extension for the Pakistan HIV grant with a total incremental funding of **US\$2,584,128**, as set out at Table 2.
- 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](#).

Grant Revisions Approved by the Secretariat

The Secretariat hereby notifies the Board that it has approved, pursuant to its delegated authority:

- 6-month grant extension for the Pakistan HIV grant with a total incremental funding of **US\$9,961,462**, as set out at Table 3.
- 12-month extension for the Sri Lanka RSSH grant to be funded through **US\$14,651,361** in Debt2Health funds, as set out at Table 3.

Input Sought

The Board is requested to review the request and agree on a 'no objection' basis, the decision point GF/B51/EDP03: Decision on the Secretariat's Recommendation on Funding from the 2023-2025 Allocation; and GF/B51/EDP04: Decision on the Secretariat's Recommendation on Grant Extensions.

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 (US\$)
1	Kenya	HIV	KEN-H-KRCS	30/06/2027	US\$	53,506,662	3,618,056	HIV: 293,815,125 Malaria: 210,862,697 TB: 70,184,148 RSSH: 18,468,280	120,376,593
2	Kenya	HIV	KEN-H-TNT	30/06/2027	US\$	179,073,992	1,289,611		
3	Kenya	TB	KEN-T-AMREF	30/06/2027	US\$	46,642,666	6,785,446		
4	Kenya	TB	KEN-T-TNT	30/06/2027	US\$	55,831,065	3,214,554		
5	Kenya	Malaria	KEN-M-AMREF	30/06/2027	US\$	15,075,314	92,333		
6	Kenya	Malaria	KEN-M-TNT	30/06/2027	US\$	57,859,369	-		
7	Multicountry Africa ECSA-HC	RSSH	QPA-S-ECSA	30/06/2027	US\$	5,000,000	5,000,000	Multicountry grants are not subject to co-financing requirements ⁵	3,445,500
8	Russian Federation	HIV	RUS-H-HAF	30/06/2027	US\$	9,843,065	-	Exempt as a non-CCM country.	2,029,168

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 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.

⁵ Multicountry grants (comprised of catalytic funding, but no country allocation) are exempt from co-financing requirements.

Table 2: Secretariat's Recommendation on Grant Extensions

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	Currency	Budget for Proposed Extension Period	Additional Funding Required	Previous Extensions Granted (Cumulative in Months)	Proposed Extension Duration (Months)	Proposed End Date	Rationale
1	Congo (Democratic Republic)	Malaria	COD-M-SANRU	US\$	7,714,186	7,714,186	6	3	30/09/2024	Extension of 2020-2022 allocation period grant to allow finalization of the 2023-2025 allocation period grant negotiations.
2	Pakistan	HIV	PAK-H-NZT	US\$	5,199,833	2,584,128	6	6	31/12/2024	Extension of 2020-2022 allocation period grant to allow continuation of program activities until 2023-2025 implementation begins.

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. Where co-financing commitments for the 2023-2025 allocation period are indicated as pending, final commitments will be shared with the Board, upon receipt of duly finalized and signed commitment letters. In most cases, the letters are expected to be received within six months of the implementation period start date, in line with requirements in the Grant Confirmations. 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.

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:

Kenya HIV/AIDS, Malaria, Tuberculosis: Kenya Red Cross Society (KEN-H-KRCS), The National Treasury & Economic Planning of the Government of Kenya (KEN-H-TNT, KEN-M-TNT, KEN-T-TNT), Amref Health Africa in Kenya (KEN-M-AMREF, KEN-T-AMREF).

1.1 Background and context

There are 1.4 million people living with HIV in Kenya, 65% of which live in 11 of the country's 47 counties. The HIV epidemic is both generalized and concentrated among key populations (KPs). Whilst the overall HIV prevalence was estimated at 3.7% in 2022, it was disproportionately higher among KPs in the same year: 8.6% among female sex workers; 8.3% among men who have sex with men; and 14.5% among people who inject drugs. HIV incidence was estimated at 0.68% in 2022. Adolescent and young people represented 42% of new infections. AIDS-related deaths and annual new infections decreased by 37% and 26% between 2015 and 2021. Kenya's HIV treatment and care cascade reached 94-94-89 by 2022. Despite the reduction in mother-to-child transmission from 22% in 2010 to 8.6% in 2022, it remains high and above the UNAIDS target of <5%, with wide variation at sub-national level.

Whilst Kenya has made notable progress in the fight against malaria, the disease remains a significant public health concern in the country. Overall, 70% of the population is at risk, with considerable geographical disparities. The latest National Strategic Plan indicates shifting geographic trends in incidence, as well as decreasing prevalence of malaria from 8% in 2015 to 5.6% in 2020. Children, pregnant women and non-immune individuals continue to be disproportionately affected by the disease. Achievements of note include the universal availability of malaria diagnostics and treatment of all forms of malaria in public health facilities in line with national treatment guidelines, the roll-out of the community health strategy for hard-to-reach populations, and the successful implementation of three mass campaigns for universal long-lasting insecticidal nets (LLIN) coverage in 2014-2015, 2017-2018 and 2020-2021, with

another campaign underway (2023-2024). However, malaria incidence has increased since 2020 by insecticide resistance, the growing impact of climate change and the emergence of *Anopheles Stephensi*.

According to the 2022 WHO Global TB report, Kenya achieved a 44% reduction in the number of TB deaths compared to 2015, in part due to the progressive decrease in TB incidence, which fell by 32% between 2015 and 2021. Despite the overall decline in TB incidence and TB-related deaths by 32% and 44%, respectively, between 2015 and 2021, the gap in treatment coverage stood at nearly 50% of unreached people with TB in 2021. In addition, TB remains a leading cause of death among people living with HIV in Kenya. The WHO 2022 Global TB Report noted upward trends for both, TB treatment coverage (from 52% in 2020 to 59% in 2021) and TB notifications (from 72,943 in 2020 to 90,560 in 2022). Notably, the notified number of children with TB increased from 9% in 2020 to 11.4% in 2022.

1.2 Risks and mitigation measures

Impact of extreme weather events and malaria funding gaps. Extreme flooding following extensive drought has severely affected service delivery and access to services in Kenya. The malaria program is also concurrently grappling with the emergence of *Anopheles stephensi*, insecticide and drug resistance. The Secretariat has worked with the Principal Recipients on an immediate response and will continue to engage with the country stakeholders on opportunities to accelerate building system resilience for pandemic preparedness.

The challenging epidemiological context has put pressure on the 2023-2025 allocation, resulting in a funding gap for vector control. The Secretariat is closely collaborating with the Government and partners to mobilize funding for the purchase of additional nets during the 2023-2025 allocation period to support the nets distribution campaign.

Human rights and gender. A bill threatening to pose human rights and gender-related barriers to programming for KPs has been in circulation in Kenya. The Secretariat has built in contingency planning activities should the human rights and gender environment in Kenya deteriorate, including activities to assess the impact of, and address, legal barriers, legal norms and law enforcement practices on the HIV and TB programs. The Secretariat will continue to work with local stakeholders and partners to monitor the situation during grant implementation.

2021 OIG findings. The OIG found evidence of fraudulent and collusive practices in the hotel procurement process for program activities and fraudulent payments to vendors at the National AIDS and sexually transmitted infections (STI) Control Program through an investigation carried out in 2021. The Secretariat has pursued the recoverable amount relative to the fraudulent expenses identified in the report from the Principal Recipient TNT. The Secretariat also requested the Principal Recipient to take appropriate action toward all parties responsible for the prohibited practices and worked closely with the Principal Recipient to undertake risk assessments to inform decisions on how to integrate stronger controls and oversight for procurement, including payment and recording procedures, into the new grants.

As part of the 2021 routine audit of the Kenya portfolio of grants, the OIG has also found important issues in the supply chain, which affected availability of medication and led to traceability and availability risks in the 2020-2022 allocation period. The 2023-2025 allocation period grants reflect additional mitigation measures which take account of the OIG's findings, including through improvements of the overall infrastructure and systems and reinvestments to rebuild the pipeline and prevent stockouts. The Secretariat notes improvements on operational KPIs since the national storage and distribution center, Kenya Medical Supply Authority (KEMSA), undertook a comprehensive reforms process during the 2020-2022 allocation period.

Improvements will continue under the 2023-2025 allocation period, supported by the World Bank's Building Resilient and Responsive Health Systems Project to strengthen the institutional capacity of KEMSA and availability of health products and technologies (HPTs). Global Fund-financing will offer complementary

assistance mainly through the provision of hardware commodities, as well as support to training and roll-out of an electronic logistics management information system to health facility level, which is intended to increase supply chain transparency down to the last mile. The Secretariat consistently reviews the anticipated local procurement processes of all Principal Recipients under Global Fund grants prior to the award of funding. This includes a review of the tender, when warranted.

Finally, the outcome of fraud risk assessments (FRAs) conducted for two out of the three Principal Recipients will inform prioritized actions to be monitored during grant implementation. On top of regular monitoring, spot-checks are also planned through the Local Fund Agent.

1.3 Co-financing

2020-2022 allocation period: Kenya has met the first co-financing requirement for the 2020-2022 allocation period by providing evidence of a progressive increase of the total government health expenditure in local currency by 56% between 2018-2019 and 2023-2024. As a percentage of total government spending, domestic government health expenditure rose from 5.4 to 6.2% between the 2020-2022 and 2023-2025 allocation periods. The Secretariat has worked with the country to adopt a revised National Health Account (NHA) methodology that better accounts for the increasing role of the counties in healthcare delivery and financing. A waiver was processed for this purpose. The revised methodology estimates government domestic disease-specific co-financing for a total of US\$522,526,824, comprising HIV spending for US\$251,738,066, TB investment for US\$65,761,544 and malaria expenditure for US\$205,027,214, thus satisfying the second co-financing requirement.

2023-2025 allocation period: The Government of Kenya has submitted a signed commitment letter in which it commits to expand the domestic government health budget by 15.93% between fiscal years 2023-2024 and 2025-2026, thus complying with the first co-financing requirement for the 2023-2025 allocation period. Overall commitments surpass the minimum requirement by 2%, whilst HIV commitments are 8.5% above the minimum requirement and TB and malaria commitments are marginally below the minimum requirement by 0.3% and 0.03%, respectively. Kenya has also committed US\$18,468,280 for investments aimed to build resilient and sustainable systems for health through support for Community Health Promoters.

At the request of the TRP, the country is developing a sustainability Roadmap for HIV/AIDS, TB and malaria to map out financing and delivery under the Social Health Insurance system and a pathway to increase domestic funding and uptake of human resources for health expenses, including for Community Health Promoters.

1.4 GAC review and recommendation

- Noting the challenging context in which grant negotiations took place, the GAC was positive about the efforts across the partnership during funding request development and grant-making for the 2023-2025 allocation period. GAC Partners commended the Global Fund's leadership in progressing in-country stakeholder discussions and the team approach to engaging the Government of Kenya and wider partnership. The Secretariat anticipates strong continued collaboration with local governments and other donor programs during implementation.
- The GAC commended the Secretariat's efforts in guiding the country through difficult trade-off and prioritization decisions during grant-making, notably for HIV. The Secretariat emphasized that the proposed grants sufficiently cover all HIV program essentials, while also ensuring the continued implementation of all critical grant activities.
- GAC Partners sought clarity about the proportion of funds allocated to the civil society Principal Recipient in the 2023-2025 allocation period relative to the previous allocation period, raising concern about the risk of reduced programming for KPs. The Secretariat clarified that despite a decrease in the HIV allocation and reduced matching funds available for Kenya for the 2023-2025 allocation period, programming for KPs continues to be a priority for Global Fund and funding allocated to

programming for KPs increased in the 2023-2025 allocation period compared to the previous allocation period.

- Whilst acknowledging the quality of the malaria program design and strong outcomes from grant-making, particularly in the challenging and evolving country context, GAC Partners expressed significant concern about the funding gap for LLINs, showing support for efforts to mobilize additional funds to address the vector control gap in Kenya. GAC Partners highlighted the risk of outbreaks of an epidemic scale due to the rising malaria burden compounded by increasing extreme weather events. Emphasizing that vector control will remain a priority for reinvestments during implementation, the Secretariat noted that the switch to dual active ingredient nets is expected to enhance the effectiveness of vector control investments in addressing the rising malaria incidence. The Secretariat underscored the opportunity for the Global Fund and the partnership to explore flexibilities and innovation to align with the Government of Kenya on a medium- and long-term health-climate planning and response, while also enhancing the resilience of the disease programs against extreme climate events.
- GAC Partners commended the strong and clear proposal for TB and noted the importance of addressing the shortfall in TB diagnostics, urging the Secretariat to prioritize this area for reinvestments during implementation to bolster achievement of grant targets and move towards universal access to WHO-recommended diagnostics. The Secretariat confirmed that the country is undertaking a diagnostic network analysis and optimization to inform optimal deployment and utilization of existing and new molecular diagnostic platform. GAC Partners advocated for an increased focus on private sector engagement during implementation of the TB grant.
- GAC Partners called attention to sustainability concerns related to human resources expenses. The Secretariat observed that the relatively high human resources costs and travel-related costs in the TB grants are largely driven by the grant's strategic focus on RSSH and community-based activities, which require extensive coordination and significant capacity-building investments.
- The GAC acknowledged that Kenya was designated the following matching funds: 'Effective CS&R contributing to improved health outcomes and equitable access to integrated people-centered quality services' (CS&R), 'Scaling up programs to remove human rights and gender barriers' (Human Rights), 'Find and treat missing people with drug-susceptible TB and drug resistant TB' (Find missing people with TB), and 'HIV Pre-exposure prophylaxis' (PrEP). The Secretariat confirmed that the access and programmatic conditions have been met for these matching funds.
- **Complementarity with C19RM investments.** The GAC and GAC Partners acknowledged the comprehensive approach taken to align investments in RSSH from the allocation and C19RM investments. This strategy ensures cohesion across priority RSSH areas, notably laboratory strengthening, particularly sample referral system activities, and community systems strengthening, including community-led monitoring. In the 2023-2025 allocation period, a renewed focus for laboratory systems investments is intended to support systems strengthening interventions through improved outcomes.
- The Secretariat noted that better prioritization of RSSH investments, and improved capacity and enhanced accountability at the Ministry of Health level are expected to improve absorption of funds in the 2023-2025 allocation period.

Multicountry Africa ECSA-HC: East, Central and Southern Africa Health Community (QPA-S-ECSA)

1.5 Background and context

The global response to the COVID-19 pandemic has reinforced the importance of laboratory infrastructure and the critical nature of high-quality diagnostic services to support patient outcomes and population-level response. Regional and sub-regional service delivery models have proven to be instrumental in market shaping for diagnostic products and enhanced training and capacity building. Regional collaboration also

strengthens the resilience of response systems by encouraging closer cooperation and standardized responses to health threats. The establishment of the regional laboratory network in East, Central and Southern Africa has reinforced national laboratory systems and extended countries' capacity to rapidly mobilize resources from regional partners in support of national resources.

Consistent with the 2023-2025 Global Fund Strategy Framework, investments in the proposed grant will, contribute to maximizing people-centered integrated systems for health by supporting core laboratory system capabilities and contributing to pandemic preparedness and response. Building on the impact and lessons learned from the previous allocation periods, the scope of the grant was expanded from a primary focus on TB to an emphasis on strengthening integrated laboratory systems in the 2023-2025 allocation period. The grant supports the following 21 countries in the 2023-2025 allocation period: Angola, Botswana, Burundi, Eritrea, Eswatini, Ethiopia, Kenya, Lesotho, Liberia, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, Somalia, South Sudan, Tanzania (United Republic), Uganda, Zambia and Zimbabwe. In the 2023-2025 allocation period, the grant will focus on the following:

- Strengthening mechanisms on Disease outbreak Response and Preparedness in the Region.
- Building capacity for in-country Invitro diagnostics performance evaluation in Africa.
- Expanding the scope and provision of integrated External Quality Assessment schemes, including Proficiency Testing for Malaria Rapid Diagnostic Tests.
- Supporting the establishment of Centers of Excellence and Supranational Reference laboratories within the ECSA region.

1.6 Risks and mitigation measures

Sanctions. The proposed activities under the 2023-2025 allocation period grant are consistent with the relevant major sanctions regimes. This is due to the nature of the activities and the scope of the relevant sanctions orders and applicable licenses and exemptions. Additionally, the Grant Confirmation includes an obligation requiring (i) adherence to applicable sanctions; (ii) downstream compliance and upstream reporting by all Sub-recipients and suppliers; and (iii) cascading down of the same obligations by Sub-recipients and Suppliers.

1.7 Co-financing

Whilst co-financing requirements are not applicable to multicountry grants comprised solely of catalytic funding, the sustainability of activities financed under this grant was thoroughly considered during grant-making building on lessons from the 2020-2022 allocation period.

1.8 GAC review and recommendation

- The GAC noted the high travel-related and human resources costs, which represent 51.8% and 29.8% of the grant budget respectively. The Secretariat emphasized that these investments are considered critical to achieve grant objectives. The Secretariat clarified that the level of expenses is consistent with the 2020-2022 allocation period and is considered adequate due to the grant's focus on regional technical assistance aimed at laboratory systems strengthening across 21 countries. Recalling the grant's catalytic impact in previous allocation periods, the Secretariat emphasized that the upcoming allocation period will take the program to the next level, including through critical investments in proficiency testing panels for malaria rapid diagnostic test and by strengthening disease outbreak response and preparedness mechanisms in the region.

Russian Federation HIV: St. Petersburg Charitable Fund Programs “Humanitarian Action” (RUS-H-HAF)

1.9 Background and context

The Russian Federation received funding from the 2023-2025 allocation for HIV for non-governmental or civil society organizations pursuant to Paragraph 9.b. of the Global Fund’s Eligibility Policy⁶ (Policy) and due to the country meeting disease burden requirements stipulated in Paragraph 8.a of the Policy. In the 2023-2025 allocation period, the grant will continue to be implemented by the non-governmental organization (NGO) St. Petersburg Charitable Fund Programs “Humanitarian Action” (HA) with no amount of Grant Funds managed by and/or provided to or for the benefit of governmental entities. Community-based and -led organizations will implement HIV-related grant activities and services targeting KPs and people living with HIV in prioritized regions, namely Moscow, St. Petersburg, Chelyabinsk and Yekaterinburg.

In the Russian Federation, there is limited access to up-to-date, accurate and disaggregated epidemiological data, particularly concerning KPs, which hampers the ability of the program to effectively target interventions. In addition, HIV prevention efforts in the Russian Federation are significantly challenged by legislative barriers, criminalization of KPs, and strict law enforcement, including legislative amendments that hamper access to care for KPs and create significant obstacles for NGOs’ operations in the country. Based on the experience of the prevention and HIV testing model implemented through the 2020-2022 allocation period grant, the proposed 2023-2025 allocation period grant places emphasis on quality and targeted services for KPs, with limited procurement of health products.

1.10 Risks and mitigation measures

Implementation arrangements and absorption of Grant Funds. HA was selected as Principal Recipient ahead of the 2020-2022 allocation period, when the Russian Federation became eligible for funding pursuant to Paragraph 9.b. of the Policy. Building on the efforts as well as lessons from the 2020-2022 allocation period, the proposed Grant employs a geographically targeted approach by focusing on four high burden regions with emphasis on developing and implementing sustainable HIV service-delivery models through a partnership model between country stakeholders and civil society actors.

Scope and geographic focus. Originally planned for three regions, the geographic focus of the 2023-2025 allocation period grant was extended to a fourth region following budget efficiencies resulting from the updated US\$/RUB exchange rate. The fourth region was chosen based on high rates of HIV infection among KPs and on availability of organizations with capacity to effectively implement services along the HIV test-treat cascade and previous experience with gender-responsive approaches. Organizations which have representatives from KPs communities were prioritized. Yekaterinburg replaced Rostov-on-Don as the fourth region to enhance the reach and impact of HIV/AIDS prevention services and ensure comprehensive coverage across all four regions. To ensure continuity and reliability in service delivery, Sub-recipient in Moscow and Chelyabinsk will be maintained during the 2023-2025 allocation period.

Sanctions. The proposed activities under the 2023-2025 allocation period grant are consistent with the relevant major sanctions regimes. This is due to the nature of the activities (provision of medicines and activities related to health and basic human needs) and the scope of the relevant sanctions orders and applicable licenses and exemptions. Additionally, the grant agreement includes (i) an obligation requiring adherence to applicable sanctions; (ii) downstream compliance and upstream reporting by all Sub-recipients and suppliers; and (iii) cascading down of the same obligations by Sub-recipients and suppliers.

⁶ Under Paragraph 9b of the Policy, upper-middle income countries with high disease burden (as defined by the policy) who are not on the OECD DAC List of ODA Recipients may be eligible for an allocation for HIV for non-governmental or civil society organizations only if they have demonstrated barriers to providing funding for interventions for key populations, as supported by the country’s epidemiology. In 2022, the Secretariat conducted an assessment and determined that the Russian Federation met the requirements under policy and as such was determined to be eligible for an allocation for the 2023-2025 allocation period. Similar assessment was carried out in 2020 for an allocation for the 2020-2022 allocation period.

There will be no disbursement of Grant Funds to the sovereign or sub-sovereign entities, with all Grant Funds flowing directly to the NGO Principal Recipient and the relevant Sub-recipients. In addition, the scope of the proposed grant activities is limited to prevention programming, with minimal procurement for condoms, lubricants, syringes, HIV tests and naloxone (representing 18.8% of overall the budget), which is consistent with relevant major sanctions regimes.

1.11 Co-financing

Co-financing requirements are not applicable to the Russian Federation, as they applied as a non-CCM applicant, in line with the requirements stipulated under the Policy.

1.12 GAC review and recommendation

- In light of concerns around the government's commitment to programs and a complex financial landscape, including a lack of other external donors and economic sanctions imposed on the country, the GAC voiced the need for realistic expectations about what can be achieved through the grant, recognizing the significant challenges and risks posed by a complex political landscape.
- Noting the challenging context and limited funding exceptionally awarded to Russia pursuant to Paragraph 9.b of the Policy, GAC Partners expressed strong support of the grant's strategic focus on prevention activities, including PrEP. GAC Partners also commended the programming for transgender populations as well as the connection with mental health and legal support activities. GAC Partners commented on the absence of programming focus on HIV/TB co-infection. The Secretariat clarified that while the Global Fund encourages NGOs to implement HIV/TB activities in the Russian Federation, Grant Funds were not allocated to treatment activities under the proposed Grant, including HIV/TB activities.
- GAC Partners called attention to an Integrated Biological and Behavioral Survey (IBBS) currently being finalized for the Russian Federation and sought clarity on the value-for-money of funding another IBBS with Grant Funds in the upcoming allocation period. The Secretariat clarified that the ongoing IBBS covers all KPs except for transgender populations and highlighted the TRP's recommendation for a complementary IBBS to be covered by the 2023-2025 allocation period grant to improve access to disaggregated epidemiological data, particularly for KPs.
- The GAC noted the high human resources expenses, which represent 49.4% of the grant budget. The Secretariat emphasized that the proposed budget covers salaries for community-based workers, outreach workers and other service providers who will be implementing critical grant activities. The Secretariat emphasized that this level of expenses in human resources is typical for grants implemented by NGOs with a focus on prevention activities for KPs and community systems strengthening. The grant agreement requires the Principal Recipient to justify salary increases beyond 6% in line with the Global Fund's Budgeting Guidelines.
- The GAC recalled that an allocation reduction of US\$167,102 was applied to the Russian Federation's 2023-2025 allocation in line with Global Fund policies due to outstanding recoveries related to non-compliant expenses incurred with Grant Funds under the country grant RUS-H-HAF and under the EECA Multicountry HIV regional QMZ-H-AUA grant.

Additional Information

South Sudan Malaria Blended Finance Transaction: Update to the Board

2.1. Innovative Finance Strategic Initiative (South Sudan Malaria)

The GAC notifies the Board of the Secretariat's approval of a US\$22.9 million investment to the World Bank's Multi-Donor Trust Fund (MDTF) for the South Sudan Health Sector Transformation Project (HSTP). This investment is expected to blend an estimated US\$380 million in financing from the Global Fund, World Bank, Canada, USAID, the Foreign, Commonwealth & Development Office, GAVI, the European Union and the Government of South Sudan to support critical investments such as expansion of access to an essential package of health and nutrition services, improvement of health sector stewardship and health systems strengthening.

Global Fund investments in the MDTF will be sourced from South Sudan's 2023-2025 malaria allocation (SSD-M-UNICEF grant), approved by the Board through GF/B50/EDP05. The corresponding amount (43% of the malaria allocation) will be disbursed directly to the World Bank's MDTF, in line with Global Fund standard approaches for joint / blended investments with the World Bank.

2.1. Country Context

Malaria remains a significant health challenge in South Sudan, facing a severe risk of heightened transmission due to hurdles such as inadequate funding, an extremely weak health system, severe flooding and other climate related challenges, very poor infrastructure and the emergence of the invasive *Anopheles stephensi* species. A recent study indicated that gene deletions in malaria parasites are reducing the effectiveness of certain Rapid Diagnostic Tests (RDTs), potentially causing up to 15 percent of malaria cases to go undiagnosed. In addition, high resistance to several insecticides has been detected.

2.2. Strategic Focus of Global Fund Investment

The scale of malaria needs in South Sudan is too large for the Global Fund or other partners to cover without extensive coordination and collaboration to prioritize investments and maximize efficiency. Channeling a part of the Global Fund malaria Grant Funds in a blended finance transaction through the proposed MDTF strengthens alignment of investments with objectives of the Global Fund Strategy, responds to TRP recommendations for the malaria funding request, supports coordinated efforts to address challenges and mitigate risks faced by the malaria program, and maximizes impact and value for money of Global Fund investments.

In line with the objectives of South Sudan's 2023-2025 allocation period malaria grant, the key outcomes expected from this investment include increased coverage of malaria services and strengthened governance and systems for health and the three diseases. Contributing Global Fund Grant Funds to this MDTF strengthens integration through a patient-centered malaria health benefit package delivered via expanded health facilities and community health systems. The investment also brings efficiencies in integrated supply chains, indirect cost recovery, streamlined health workforce, and improved coverage of case management and antenatal care performance indicators. In addition, Global Fund investment is expected to improve governance through better aligned donor coordination and streamlined processes. It will enhance the Global Fund's ability to advocate for increased government ownership and health sector investments.

This investment is consistent with the 2023-2025 allocation period grant approved by the Board and does not deviate from malaria program activities assessed by the TRP as being strategically focused and technically sound. The investment was reviewed and recommended by the Innovative Finance Approval Committee (IFAC) in line with the Global Fund's operational processes for blended finance transactions and the recent Board Approval of the Updated Approach to Blended Finance.

2.3. Risks

Adequate measures are in place to mitigate the major risks identified through close engagement with stakeholders and capacity development at each stage of the project. Key risks include the highly fragile context and political economy dynamics, weak governance at the health sector and national program levels, sustainability risks in domestic health financing due to poor integration of external funding with domestic resource planning, and uncertainty around government commitment for contribution to the financing of health. The Secretariat will monitor these risks during implementation through regular grant management oversight channels and as a key partner in the governance committees of the HSTP.

2.4. Structure of the funding

The malaria Grant Funds will flow through the World Bank (for the Multi-Donor Trust Fund investment) and UNICEF (for the standalone Global Fund malaria grant). About 0.5% of the funding will be used to support the establishment and operations of a Ministry of Health project management unit. The Secretariat will remain engaged with the World Bank on implementation oversight and financial and programmatic reporting throughout the period during which funds will be disbursed by the World Bank to the Government of South Sudan through the MDTF.

Table 3: Grant Extensions Approved by the Secretariat

N	Applicant	Disease Component	Grant Name ⁷	Currency	Budget for Proposed Extension Period	Additional Funding Required	Previous Extensions Granted (Cumulative in Months)	Proposed Extension Duration (Months)	Proposed End Date	Rationale
1	Pakistan	HIV	PAK-H-UNDP	US\$	15,717,282	9,961,462	6	6	31/12/2024	Extension of 2020-2022 allocation period grant to allow continuation of program activities until finalization of the 2023-2025 allocation period grant negotiations.
2	Sri Lanka	RSSH	LKA-S-MOH	US\$	14,651,361 ⁸	0	0	12	30/06/2025	Non-costed extension funded by D2H to allow the implementation of the 2020-2022 allocation period grant, impacted by COVID-19 and the current economic crisis.

⁷ The Grant names are subject to change based on the ISO code.

⁸ Sri Lanka's budget for the proposed extension period does not affect the country allocation amount for the 2023-2025 allocation period as the grant is fully funded by D2H funds.

Privileges and Immunities

Of the applicants for which funding recommendations are currently being made, Burundi, Eswatini, Ethiopia, Lesotho, Liberia, Malawi, Mozambique, Rwanda, Uganda and Zimbabwe have signed and ratified the Global Fund Agreement on Privileges and Immunities. Kenya has signed a bilateral Agreement on Privileges and Immunities with the Global Fund.

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,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/B44/EDP11: Decision on the Secretariat's Recommendation on Funding from the 2020-2022 Allocation.	This decision point approved the 2020-2022 allocation period Congo (Democratic Republic) COD-M-SANRU grant.
GF/B44/EDP11: Decision on the Secretariat's Recommendation on Funding from the 2020-2022 Allocation.	This decision point approved the 2020-2022 allocation period Pakistan PAK-H-NZT grant.
GF/B45/EDP03: Decision on the Secretariat's Recommendation on Funding from the 2020-2022 Allocation.	This decision point approved the 2020-2022 allocation period Pakistan PAK-H-UNDP grant.
GF/B45/EDP03: Decision on the Secretariat's Recommendation on Funding from the 2020-2022 Allocation.	This decision point approved the 2020-2022 allocation period Sri Lanka LKA-S-MOH grant.
GF/B50/EDP05: Decision on the Secretariat's Recommendation on Funding from the 2023-2025 Allocation.	This decision point approved the 2023-2025 allocation period South Sudan SSD-M-UNICEF grant.

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/>)