Electronic Report to the Board

Report of the Secretariat's Grant Approvals Committee

GF/B53/ER08

Board Decision

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

1. GF/B53/EDP09: Decision on the Secretariat's Recommendation on Funding from the 2023-2025 Allocation.[1]

[1] The Secretariat recommends the approval of funding from the 2023-2025 Allocation for one grant: South Africa HIV/TB, up to an amount of **US$221,347,498** of country allocation funding, including matching funds of **US$13,750,000**.

Decision

Decision Point: GF/B53/EDP09: 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/B53/ER08 ("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.

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 one grant: South Africa HIV/TB, up to an amount of **US$221,347,498** of country allocation funding, including matching funds of **US$13,750,000**.

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

The funding request for each country component was 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 grant in Table 1 and has deemed the grant 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 Update on Co-financing Commitments from Board-approved 2023-2025 Allocation Period Grants

- The Secretariat hereby notifies the Board, as set out in Table 5, of the co-financing compliance outcomes for the following countries and components: Angola (HIV, TB and Malaria), Lao (People's Democratic Republic) (HIV and TB), Lesotho (HIV and TB), South Sudan (HIV, TB and Malaria), Turkmenistan (TB), Zimbabwe (HIV, TB and Malaria). This includes, where relevant, final co-financing compliance assessments from the 2020-2022 allocation period and final co-financing commitments for the 2023-2025 allocation period.

Input Sought

The Board is requested to review the request and agree on a 'no objection' basis, the decision point GF/B53/EDP09: Decision on the Secretariat's Recommendation on Funding from the 2023-2025 Allocation.

Table 1: Secretariat's Recommendation on Funding from the 2023-2025 Allocation

All relevant supporting documents are available for review through the following link.

N	Applicant	Disease Component	Grant Name*	Grant End Date	Currency	Total Program Budget	Catalytic Funds in Grant	Domestic Commitment **	Unfunded Quality Demand (US$)
1	South Africa	HIV/TB	ZAF-C-NDOH	31/03/2028	US$	221,347,498	13,750,000	Pending finalization of the commitment letter	399,493,125

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

** 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.

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 Policy (GF/B35/DP08, 2016). 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 may be 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 grant, the GAC provided additional guidance or made specific observations to inform the investment decision:

South Africa HIV/TB: National Department of Health of the Republic of South Africa (ZAF-C-NDOH)

1.1 Background and context

South Africa has the world's largest HIV epidemic, with about 8 million people living with HIV (12.7% prevalence) in 2024. Progress toward the 95-95-95 targets has continued, improving from 93-75-88 in March 2021 to 95-80-93 by April 2024. New HIV infections declined by 51% between 2010 and 2021, and vertical transmission rates fell from 4.2% to 0.96%. Women are disproportionately affected by the epidemic, with 1,100 new infections among adolescent girls and young women (aged 15–24) per week in 2023 and an 8.1% prevalence (three times higher than male counterparts). While AIDS-related mortality has decreased substantially due to expanded treatment coverage, 51,000 AIDS-related deaths were reported in 2022.

South Africa is among the 10 highest-burden countries for tuberculosis (TB), TB/HIV co-infection, and drug-resistant TB. In 2024, the country accounted for 3.6% of global TB cases and 86-90% of estimated incident cases. Significant progress has been achieved, with TB incidence declining by 57% from 988 to 427 per 100,000 between 2015 and 2023 (exceeding the 2025 End TB Strategy milestone). Treatment coverage improved to 79% in 2023, up from 77% in 2022. The estimated number of missing people with TB decreased from 65,705 (2022) to 58,290 (2023), however, finding missing people with TB remains a key national priority.

The TB/HIV program is guided by the National South Africa National Strategic Plan for HIV, TB and sexually transmitted infections 2023-2028, which aims to end the HIV, TB and sexually transmitted infections epidemics. It is expected to be implemented through four grants: this grant by the government principal recipient, the National Department of Health of the Republic of South Africa (NDOH), and the remaining three by civil society principal recipients. The Secretariat noted that the ZAF-C-NDOH grant was submitted first, as its grant-making was more advanced than the three remaining 2023-2025 allocation period grants, which focus on key population prevention, community systems strengthening and human rights interventions. The CCM, Secretariat and partners are continuing a robust geographical prioritization process to ensure optimal resource allocation, with a focus on high-burden districts and sub-districts, particularly those with elevated HIV incidence among adolescent girls and young women. The remaining grants are expected to be submitted for Board approval in September 2025. All four grants are scheduled to begin implementation on 1 October 2025.

1.2 Co-financing

2020-2022 allocation period: South Africa continues to invest over 15% of total government expenditure in health, averaging 15.3% from 2022 to 2025. For HIV, the government reported US$5.1 billion in co-financing (deemed compliant factoring the 23% depreciation of the South African Rand and efficiency gains from ongoing price reductions in HIV and TB commodities within this period). TB co-financing totaled US$553.5 million, exceeding the minimum requirement. South Africa's co-financing is conditionally met, pending submission of supporting documentation on investments in key and vulnerable populations programming by 1 March 2026.

2023-2025 allocation period: The Government of South Africa submitted a co-financing commitment letter (signed by the Minister of Health and the Minister of Finance) outlining commitments of US$4.31 billion for HIV and US$365.6 million for TB. Co-financing for this allocation period is considered conditionally met, pending submission of an annex specifying investments in key and vulnerable populations by 1 March 2026 (in accordance with STC policy requirements for upper-middle-income countries).

The Global Fund Secretariat approved an exception reducing the minimum additional co-financing requirement from 20% to 0% for the 2023-2025 allocation period, taking into account: (i) South Africa's strong domestic investment and efficiency gains from HIV and TB commodity price reductions, (ii) sustained programmatic scale for ARV treatment, and (iii) the impact of macroeconomic challenges including currency depreciation. This exception reduces the minimum additional co-financing required, but does not remove or waive co-financing requirements. It is consistent with the approach taken in the 2023-2025 allocation period across the Global Fund portfolio to adjust co-financing requirements in certain countries in line with fiscal challenges and previous trends in co-financing investments.

1.3 Risks and mitigation measures

Implementation period. The 2020-2022 allocation period grant was extended by six months to ensure the continuation of essential services and to complete grant-making negotiations. Therefore, the implementation period for the 2023-2025 allocation period is 30 months (1 October 2025 to 31 March 2028).

1.4 GAC review and recommendation

- The GAC acknowledged that the ZAF-C-NDOH grant being recommended to the Board for approval already takes account of the reduced allocation exercise for the 2023-2025 allocation period grants. As such, 13.2% of the grant has been reduced, with the remainder reprioritized during grant-making.

- The GAC noted that the new grant amounts across the South Africa portfolio remain aligned to the proportions submitted in the funding request and subsequently re-endorsed by the CCM. The three grants to be implemented by civil society principal recipients PRs are currently in grant-making, and they will be submitted for Board approval in September.
- The GAC commended the Secretariat for its efforts to reprioritize and optimize resources during grant-making, acknowledging the difficult trade-offs required following the reduced allocation exercise and the evolving partner landscape. The Secretariat will continue working with the government, partners and civil society to maximize available resources and sustain programmatic targets as much as possible during implementation.
- The GAC and partners commended South Africa's progress in reducing TB incidence and strengthening the national TB response during the 2020-2022 allocation period. They acknowledged the ambition of the 2023-2025 allocation period TB program, particularly its focus on case finding, scaling up innovations, treatment linkage, geographic targeting and accessing key and vulnerable populations. Partners also noted the participatory grant-making process and emphasized that TB prioritization and mitigation measures were robust and driven by epidemiological and programmatic data.
- GAC partners emphasized the importance of engaging civil society organizations (CSOs) in the rollout of Lenacapavir, particularly in implementation for key populations. The Secretariat noted that engagement is ongoing with the CCM, NDOH and the three CSO principal recipients to determine the most impactful and efficient approach for procurement and implementation across all grants. An update will be provided upon submission of the remaining three grants to the Board.
- The Secretariat acknowledged that human resources costs in the grant remain high due to the grant's focus on prevention and comparably lower investment in health products. In light of sustainability concerns and the evolving fiscal context, the grant includes a condition requiring an efficiency review to assess the current human resources investments of the principal recipient's Program Management Unit and identify roles that should transition to full government funding. The GAC also emphasized the need to advocate for government absorption of community health workers and health workers for sustainability.
- The GAC noted the high cost of the external audit for this grant and encouraged the Secretariat to explore potential efficiencies, taking into account the current funding constraints. The GAC acknowledged that South Africa was allocated matching funds for four strategic priorities. Conditions have been met for *(i) "Finding and successfully treating missing people with drug-susceptible and drug-resistant TB"* and *(ii) "The digital health impact accelerator"*. The Secretariat noted that the remaining two are relevant to all four South Africa grants. Therefore, conditions for *"Scaling up programs to remove human rights-related barriers"* and *"HIV pre-exposure prophylaxis"* will be assessed when the remaining three grants are submitted for Board approval.
- The GAC noted the outstanding recoveries of US$3,171,878 under ZAF-C-NDOH and acknowledged that appropriate conditions have been included in the Grant Confirmation.

Table 2: Secretariat Update on Co-Financing Commitments from the Board from 2023-2025 allocation period grants

The Secretariat hereby notifies the Board of the status of co-financing for the 2020-2022 and 2023-2025 allocation periods pertaining to Board-approved 2023-2025 allocation period grants assessed as "conditionally compliant" or "conditionally non-compliant" at the time of Board approval. For these countries, a grant requirement was included in Grant Confirmations, requesting specific information and/or a final signed commitment letter to be submitted by an agreed due date to finalize the compliance assessment. Throughout grant implementation, the Secretariat will notify the Board of final co-financing compliance for outstanding countries. This report provides an update on co-financing compliance for the following countries:

Country	Components	2020-2022 Allocation Period		2023-2025 Allocation Period	
		Status at Board Approval	Update	Status at Board Approval	Update
Angola	**HIV, TB, Malaria**	**Conditionally compliant** Verification of domestic government expenditures pending (due by 31 December2024).	**Non-compliant** Co-financing commitments for HIV and TB were met, but the malaria commitment was not fully realized due to macroeconomic challenges. As a result, the malaria component of Angola's 2023-2025 allocation period grant (AGO-Z-UNDP) was reduced by US$4,217,116 (8.79%), reflecting the 70.3% shortfall in the country's 2019-2022 allocation period malaria co-financing commitment.	**Conditionally compliant** Final commitment letter pending submission (due by 31 December 2024).	**Compliant** The government submitted the final commitment letter on 20 December 2024. The commitments meet the total minimum requirements: • HIV: US$42,419,510 • TB: US$18,754,304 • Malaria: US$74,140,093.
Lao (Peoples Democratic Republic)	**HIV, TB**	**Conditionally compliant** Final commitment letter and supporting documents pending submission (due by 30 June 2024).	**Compliant** The government submitted the final commitment letter and supporting documents on 23 May 2024.	**Conditionally compliant** Final commitment letter and supporting documents pending submission (due by 30 June 2024)	**Compliant** The government submitted the final commitment letter and supporting documents on 23 May 2024. The commitments meet the total minimum requirements: • HIV: US$3,107,480 • TB: US$3,101,444.
Lesotho	**HIV, TB**	**Waiver**	N/A	**Conditionally compliant** Final commitment letter pending submission (due by 1 October 2024).	**Compliant** The government submitted the final commitment letter on 3 March 2025. The commitments meet the total minimum requirements:

					• HIV: US$41,045,466 • TB: US$2,683,178 • RSSH: US$ 21,657,861.
South Sudan	**HIV, TB, Malaria**	**Waiver**	N/A	**Conditionally compliant** Final commitment letter pending submission (due by 30 June 2024).	**Compliant** The government submitted the final commitment letter on 4 December 2024. The commitments meet the total minimum requirements: • HIV: US$387,322 • RSSH: US$7,664,288
Turkmenistan	**TB**	**Compliant**	N/A	**Conditionally compliant** Commitment letter signed by Minister of Health submitted, however the letter was pending final government endorsement at the time of GAC approval. It will be resubmitted after full endorsement (due by 30 June 2025).	**Compliant** The government submitted the final commitment letter on 23 June 2025. The commitments meet the total minimum requirements: • TB: US$94,891,429
Zimbabwe	**HIV, TB, Malaria**	**Waiver**	N/A	**Conditionally compliant** Commitment letter to be revised to more accurately reflect fiscal space and ensure alignment with human resources for health reforms. The deadline, which was initially set for 30 June 2024, was extended to by 30 September 2024.	**Compliant** The government submitted the final commitment letter and supporting documents on 6 May 2025. The commitments meet the total minimum requirements: • HIV: US$167,493,534 • TB: US$18,610,393 • Malaria: US$5,516,355 • RSSH: US$176,264,011 (RSSH commitments in line with the efforts to reform and build a sustainably financed health workforce as articulated in the Health Workforce Investment Compact signed in October 2024)

Privileges and Immunities

Of the applicants for which funding recommendations are currently being made, South Africa has conferred privileges and immunities on the Global Fund.

Document Classification: Internal.

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

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Annex 1 – Relevant Past Decisions

Pursuant to the Governance Plan for Impact as approved at the Thirty-Second Board Meeting,[2] 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/EDP26, GF/B50/EDP23: Decisions on the Secretariat's Recommendation on Funding from the 2020-2022 and 2023-2025 Allocations	These decision points approved the allocation funding for the Angola (AGO-Z-UNDP) grant from the 2020-2022 and 2023-2025 Allocations
GF/B43/EDP18, GF/B50/EDP10: Decisions on the Secretariat's Recommendation on Funding from the 2020-2022 and 2023-2025 Allocations	These decision points approved the allocation funding for the Lao (Peoples Democratic Republic) (LAO-C-MOH) grant from the 2020-2022 and 2023-2025 Allocations
GF/B50/EDP16: Decision on the Secretariat's Recommendation on Funding from the 2023-2025 Allocation	This decision point approved the allocation funding for the Lesotho (LSO-C-MOF) grant
GF/B49/EDP12, GF/B50/EDP05: Decisions on the Secretariat's Recommendation on Funding from the 2023-2025 Allocation	These decision points approved the allocation funding for the South Sudan (SSD-C-UNDP, SSD-M-UNICEF) grants
GF/B51/EDP10: Decision on the Secretariat's Recommendation on Funding from the 2023-2025 Allocation	This decision point approved the allocation funding for the Turkmenistan (TKM-T-UNDP) grant
GF/B50/EDP08: Decision on the Secretariat's Recommendation on Funding from the 2023-2025 Allocation	This decision point approved the allocation funding for the Zimbabwe (ZWE-H-UNDP, ZWE-T-MOHCC, ZWE-M-MOHCC) grants
GF/B53/EDP04: Decision on the Secretariat's Recommendation on Additional Funding to Finance Unfunded Quality Demand from the 2023-2025 Allocation Period.	This decision point approved the allocation funding for the South Africa (ZAF-C-NDOH) grant

2 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/)