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GLOBAL FUND PROVIDES UPDATE ON INCENTIVE FUNDING AWARDED TO NIGERIA AND INDIA

The Secretariat has reported on developments concerning incentive funding awarded to Nigeria and India as part of the 2014-2016 allocations. The updates were contained in the latest report of the Grant Approvals Committee to the Board.

Nigeria

In 2017, support from the Global Fund for Nigeria's malaria prevention efforts took the form of funding to implement LLIN (long-lasting, insecticide-treated bed nets) replacement mass campaigns in up to 12 of the 16 states where such campaigns were overdue. The Global Fund had awarded Nigeria \$45.7 million to help offset the costs of the LLIN campaigns. However, the incentive funding was conditional on the Government of Nigeria coming up an equivalent amount in matching funds. The government was given a deadline of 31 March 2017 to produce the matching funds. LLIN campaigns in six of the 12 states were dependent upon the release of the incentive funding and the matching funding.

The government missed the deadline (see [GFO article](#)) and, in fact, still has not come up with the matching funds.

The GAC was asked to decide whether Nigeria can still access the \$45.7 million in incentive funding despite failing to meet the condition by the established deadline. The GAC considered several contextual factors, including the following:

- Malaria upsurge in conflict affected areas: Currently, there is a significant upsurge in malaria in the north of Nigeria, where limited services are available. There is also a risk of cross-border malaria

transmission affecting the entire sub-region.

- Public health impact: At least 24.5 million people in Nigeria would go without nets if the incentive funding were no longer available.
- Strategic and geographic focus: The combined investments from the Global Fund contribution and matching funds from Government of Nigeria are focused on LLINs as a high impact vector control intervention in the highest burden states. Timely replacement of expiring nets is critical to sustaining gains and effective control of the malaria in Nigeria.
- Continued engagement of the Government of Nigeria: Front loading payments for the LLINs provides an opportunity for continued engagement with the Government of Nigeria during the remainder of the existing grant implementation period. This, in turn, will provide time to explore new financing sources for malaria prevention activities with the Government of Nigeria and other partners, given that the initially intended funding source (a Eurobond) is no longer a viable option. In this regard, there is a need to ensure strong and consistent engagement with the Government of Nigeria and the Minister of Health.

The GAC decided that the Government of Nigeria should be granted until 31 December 2017 to match the incentive funding amount. Given the long lead times to procure LLINs, and the risk that LLINs would be delivered beyond the cut-off date of Nigeria's malaria allocation utilization period (31 December 2017), which would prevent their financing from the 2014-2016 allocations, in May 2017 the GAC authorized the Secretariat to submit immediate orders for 15 million LLINs for a total cost of up to \$45.7 million. When the order was placed, the actual cost turned out to be \$37.4 million. A spokesperson for the Global Fund Secretariat told Aidspace that if the Government of Nigeria transfers \$18.7 million (half of the \$37.4 million cost), "this will allow for the final release of the equivalent amount of incentive funding." However, should this funding not be transferred by the government, the spokesperson said, "the full original matching funding amount will be deducted from Nigeria's 2017-2019 allocation." The approach and timing of the deduction would be determined by the GAC during the first quarter of 2018.

India

On 11 September 2015, the Global Fund Board awarded \$55.5 million in incentive funding to India. This amount represented 50% of the above-allocation funds requested for treatment and monitoring of MDR-TB patients. The award was conditional on three requirements being met: (1) that the National TB Control Programme (NTCP) procure at least 500 diagnostic tests (CBNAATs); (2) that the incentive funding be used solely to finance 50% of the cost of the MDR-TB and XDR-TB case detection, diagnosis and treatment interventions included in India's above-allocation request; and (3) that the Government of India finance the remaining 50% of the cost of MDR-TB and XDR-TB case detection, diagnosis and treatment. This last condition meant, in effect, that the government was required to match the \$55.5 million incentive funding award.

The GAC said that based on a review of expenditures, the country appears to be on track for closing the gap identified in the original above-allocation request, and achieving the intended targets for 2017. However, the incentive funding amount remains unutilized because cost efficiencies – mainly from significant reduction in drug costs and changes in treatment guidelines – have allowed activities that were to have been covered by the incentive funding to be implemented from the within-allocation budget instead.

The Secretariat requested that the incentive funding be "reprogrammed" within one of India's malaria grants, IDA-T-CTD, for which the principal recipient is the Ministry of Finance. The GAC approved the request. It said that the reprogramming will contribute to India reaching ambitious targets and leveraging additional government funding to support expansion and the strengthening of MDR-TB diagnosis and treatment, and active case finding for additional patients. The GAC found that the proposed reprogramming did not represent a material change because it is in line with the original TRP and GAC

recommendations on the above-allocation request. The TRP said that it supported the reprogramming request.

The GAC noted that although there was an increasing trend in committing domestic resources between 2014-2015 and 2015-2016, the requirement for the Government of India to invest additional domestic resources beyond the total co-financing commitments in the original concept note remained unfulfilled as of the original deadline of 11 December 2016. In March 2017, however, the Government of India committed to increase domestic funding to the TB program during the remaining grant implementation period, which ends on 31 December 2017.

The revised grant agreement for IDA-T-CTD provides that in the event the Government of India fails to fulfil its obligation to match the \$55.5 million incentive award, consequences will be enforced through reduction of funding either from the current grant or from the 2017-2019 allocation.

The information for this article was taken from Board Document GF-B37-ER04, Report of the Secretariat's Grant Approvals Committee. This document is not available on the Global Fund website.

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