



Independent observer
of the Global Fund

THE GLOBAL FUND SECRETARIAT AT ODDS WITH NIGERIA OVER THE HIV KEY POPULATIONS PRINCIPAL RECIPIENT

The Global Fund Secretariat and Nigeria's Country Coordinating Mechanism (CCM) are at odds over the HIV/TB grant's principal recipients (PRs) for the 2020-2022 cycle. The bone of contention is the Secretariat's decision to downgrade the Society for Family Health (SFH), an indigenous civil society organization (CSO), to the role of sub-recipient of Family Health International (FHI 360), which will become the only non-state PR. The CCM and several CSOs oppose this decision. They prefer SFH, which is in charge of key population programs under the current grant. Nigeria has one of the largest portfolios in the Global Fund: the total allocation is almost \$890.6 million for the 2020–2022 cycle. The country applied for a continuation of HIV/TB grant funding, amounting to more than \$451.3 million for the period.

Information for this article comes from Nigeria's grant submission and letters exchanged between the Secretariat (including the Executive Director), the CCM Chair, who is the country's Federal Minister of Health, and several CSOs.

Nigeria's health funding context

Nigeria has one of the largest Global Fund portfolios. It has a population of over 200 million people, 95% of whom are at risk of malaria year-round. Moreover, HIV prevalence among the adult population is 1.3%. The Global Fund classifies Nigeria as a high-impact country (a very large portfolio, with a mission-critical disease burden) with a challenging operating environment.

In 2016, the Secretariat invoked the Additional Safeguards Policy following an Office of the Inspector General ([OIG investigation in 2015](#)), which “found extensive evidence of systematic embezzlement of program funds, fraudulent practices and collusion by ... staff and consultants [of the implementer]

assigned to the Global Fund-financed program.” The implementer was the federal government’s Department of Planning, Research, and Statistics, a sub-recipient of the National Agency for the Control of AIDS (NACA). The OIG found that insufficient internal controls at the NACA resulted in non-compliant expenditures of \$3,816,766. Some of those issues must have been addressed as the NACA is currently a PR for HIV grants and will remain one for the 2020–2022 allocation period.

In Nigeria, the Global Fund HIV/TB grant supports commodities, treatment, and program management for two states (Ebonyi and Anambra); the US President’s Emergency Plan for AIDS Relief (PEPFAR) supports the other states. Both the Global Fund and PEPFAR share HIV interventions for key populations, such as the provision of condoms and lubricants for the whole country. PEPFAR contributed 72% of the total funds to fight HIV; the Global Fund contributed about 22%. The rest is covered by the government of Nigeria, according to the 2019 HIV concept note submitted to the Global Fund by the CCM.

Standalone grant to build Resilient and Sustainable Systems for Health

As for all countries, the Nigerian allocation letter suggested a split among the three diseases (HIV, TB, and malaria). Nigeria’s CCM proposed that the funding allocation be divided into four grants, one for each disease (HIV, TB, and malaria) and a standalone grant to build Resilient and Sustainable Systems for Health (RSSH).

The CCM proposed reducing the HIV and malaria grants by \$50 644 580 to fund the RSSH grant.

The Technical Review Panel, an organ of the Global Fund that assesses the quality of funding requests, approved the concept of the standalone RSSH grant. However, the panel disagreed with some of the tradeoffs needed to fund the grant, particularly the CCM’s lack of commitment to fully fund the [Seasonal Chemoprevention of Malaria \(SMC\)](#). The SMC gives children living in highly seasonal malaria transmission areas (the Sahel region) a full treatment course of an antimalarial medicine intermittently, often monthly. Part of the SMC was in the [prioritized allocation request](#) above. Activities in this request can get funded by portfolio optimization, so funding is not guaranteed. The Secretariat suggested that the full SMC funding should come from reducing the RSSH grant and optimizing the malaria grant.

Both parties agreed to this change.

Table 1: Split to fund Resilient and Sustainable Systems for Health grant (\$)

ALLOCATION 2020–2022		Proposed CCM Split	Country Team Proposed Program Split	Disease Program Contribution to RSSH Grant
HIV	329,207,978	307,715,959	307,715,959	21,392,019
TB	143,595,962	143,595,962	143,595,962	-
Malaria	417,893,727	388,641,166	403,641,147	14,252,580
RSSH	-	50,644,580	35,644,599	-
Total Allocation	890,697,667	890,597,667	890,597,667	35,644,599

Source: Letter sent to Nigeria's CCM by the Global Fund Secretariat

Principal recipients of HIV/TB grant

The CCM initially proposed six PRs for the HIV/TB grant: four PRs for HIV—NACA, FHI 360, SFH, and the Lagos state government Ministry of Health; and two PRs for TB—the National Tuberculosis, Leprosy and Buruli Ulcer Control Programme and the Institute of Human Virology Nigeria. All six parties were the PRs in the previous cycle.

The TRP's evaluation found that the proposed implementation arrangement was complex and unnecessarily costly. It also stated that engaging "more national institutions in grant management might have a positive impact on program ownership and transition." The panel thus recommended having fewer PRs, reducing program management costs, and increasing the costs for building the capacity of national institutions and CSOs in program and financial management.

Consequently, the CCM proposed dropping the government of Lagos as a PR for the HIV grant, keeping FHI 360 and SFH as non-state PRs, and the NACA as the government PR. In a letter signed by the Chair, the CCM motivated for this arrangement. It noted that SFH had a better performance record with key populations than FHI 360; keeping SFH as a PR would result in minimal disruption of key population services funded by the Global Fund grants. The CCM also noted that FHI 360 did not conduct expected training to build the capacity of local organizations.

Aidsplan has seen the management letters sent to both SFH and FHI 360 for July 2019 to end-December 2019. (Management letters are sent by the Secretariat after the PR has submitted their Progress Update after six months of grant implementation. The most recent one from June 2020 has not been shared yet.) Based on performance, FHI 360 was rated B1. The country team noted some financial transgressions but did not alter the rating. The country team downgraded SFH's performance from B1 to B2 because of missing data for a quarter. It also mentioned the need for better collaboration between SFH and FHI 360.

The Secretariat disagreed with the proposal to keep SFH as a PR. Instead, it requested that FHI 360 remains as PR and SFH becomes a sub-recipient of FHI 360. FHI 360 was an implementer of PEPFAR and became a PR of the Global Fund grants after the 2015 audit. A letter from the Secretariat, signed by the Head of High Impact Africa 1, explained that the country is under the Additional Safeguards Policy, which authorizes the Secretariat to choose the PRs.

Consequently, several CSOs representing people living with HIV and key populations wrote to the CCM Chair, and later to the Executive Director of the Global Fund, copying the Chair and Vice-Chair of the Global Fund Board. In these letters, the leadership of these organizations urged the minister to reject the Secretariat's decision to choose FHI 360 as the PR, as they preferred SFH. Excerpts of those letters are published in Nigeria's online [media](#). One letter stated that "FHI 360 is not experienced in KP intervention and do[es] not have a good understanding of KPs. SFH ... has delivered and continued to deliver regardless of all obstacles. They also have over time gained experience in KP intervention, which makes them more suited to being PR."

Peter Sands, the Executive Director of the Global Fund, responded to the CSOs, supporting his colleagues. His letter reiterated that Nigeria's HIV grants increased by 33% and that the Additional Safeguards Policy allows the Secretariat to choose the PRs. The letter did not address the comparative performance of the two organizations.

The CCM then wrote to the PRs asking them to stop all grant-making discussions with the country team while the CCM and the Secretariat resolve the issue.

On July 31, the Peer-Review Forum, a network of watchdogs and advocates, wrote a strongly worded

letter to Peter Sands. The letter was signed by 385 organizations. It asserted that choosing SFH as a principal recipient will ensure good services are provided to key populations while saving the country over \$24 million, which could be used to fund other interventions in the prioritized above allocation request. The letter mentioned that international non-governmental organizations are contracted at high costs that are undisclosed to even the Nigerian CCM. The signatories stated that choosing SFH will address the TRP's recommendation to increase the capacity of local organizations and minimize disruption in service delivery due to the existing mechanisms at SFH. The signatories criticized the Additional Safeguards Policy, noting that in its current form it "serves as an oppressive colonizing tool for the HIV response in Nigeria readily wielded by the GFATM secretariat when it conducts unwholesome practices."

The additional safeguard policy at work

Nigeria is under the Additional Safeguards Policy since 2016. The NACA, the federal government PR whose sub-recipient was responsible for the disappearance of grant funds, and whose internal controls were found at fault, has since been reinstated as a PR. In Nigeria, the Secretariat contracted a fiscal agent and another in charge of warehousing medications to help mitigate the risk of grant funds being mismanaged. Evaluation of these risk mitigation actions have not yet been made public.

The OIG reports addressed the question of the Additional Safeguard Policy. In its 2017 audit on [Grant Management in High Risk Environments](#), the OIG recommended that: "in line with the Global Fund's country ownership principle, additional safeguards ... be short term measures". In [its advisory report on West and Central Africa](#) published in 2019, the OIG highlighted the inherent conflict of interest when the Global Fund Secretariat requires its service providers to build the capacity of local staff or organizations to take over their work. This requirement has not worked for previous Global Fund grants in West Africa.

The OIG also emphasized the importance of having an exit strategy for the Additional Safeguards Policy. The report also added: "Additional safeguards have led to an imbalance between financial risk mitigation and grant implementation."

Further reading

- OIG Advisory report: [Grant implementation in Western and Central Africa \(WCA\)](#) (GF-OIG-19-013), May 2019, Geneva, Switzerland
- OIG Investigation report: [Global Fund Grants to Nigeria Department of Health Planning, Research and Statistics](#) (GF-OIG-16-015), 3 May, 2016, Geneva, Switzerland
- Secretariat [Operational Policy Manual](#), page 102

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