



Independent observer
of the Global Fund

MALAWI'S TB/HIV GRANTS APPROVED BY THE GLOBAL FUND DO NOT DIFFER MUCH FROM THE FUNDING REQUEST

The two TB/HIV grants to Malawi which the Board approved on 17 October do not differ significantly from the funding request, which was submitted on 20 March 2017. GFO [detailed](#) the contents of the request in an article in GFO 316 on 19 July.

The Technical Review Panel (TRP), which reviewed the funding request in April and May, requested only minimal adjustments and clarifications. Grant-making took place between the country team and the two principal recipients, the Ministry of Health and Action Aid International Malawi, from early May to the end of August.

The total amount approved for the two grants, \$394.8 million, includes \$10.0 million in matching funds. Most of the total amount is devoted to HIV programs; TB programs make up only 5% of the total. In addition, interventions totaling \$110.4 million from the priority above-allocation request (PAAR) portion of the proposal were deemed to be “quality demand” and were added to the Unfunded Quality Demand (UQD) Register.

The funding request used the “tailored to material change” model, which is less exhaustive than the “full review” approach. This application modality was suggested by the Global Fund because no significant modifications to the HIV and TB programs were anticipated. Some changes were expected, however. Most notable among them were expanded HIV prevention and treatment services for key populations.

According to persons close to the grant-making negotiations, there were no major changes in how funds were allocated to the various interventions to be implemented, as compared to the original funding request, aside from the movement of \$6.0 million (1.5% of total funding) from the HIV component to the

TB component. This is how we reported the breakdown for key HIV interventions in GFO 316:

- \$214.0 million for ARVs;
- \$71.7 million for other HIV care and treatment services;
- \$29.8 million for HIV prevention among key populations: and
- \$15.4 million for HIV testing initiatives.

The \$19.9 million allocated for TB programs appears to be targeted to diagnostic activities and technologies, such as GeneXpert machines. Another \$31.0 million is earmarked across seven interventions promoting resilient and sustainable systems for health (RSSH).

Of the \$10.0 million in matching funds that was approved, \$7.0 million is for initiatives targeting adolescent girls and young women, who account for one-quarter of new HIV infections in Malawi. This investment will mostly support the expansion of existing interventions – including HIV testing, prevention of gender-based violence, and stigma reduction – into two new districts. The remaining \$3.0 million is RSSH-oriented and will focus on improving systems for capturing, managing and analyzing health data.

Strengths, weaknesses and concerns

In its overall assessment of the funding request, the TRP said it was technically sound and strategically focused; closely aligned with the epidemiology of HIV and TB; and focused on key populations and other prevention activities that can produce a substantial impact on both diseases. The TRP said that the request was also aligned with the national strategic plans for HIV and TB, and that it built on the results of prior implementation.

Other strengths identified by the TRP included the expansion of HIV prevention activities, particularly among men who have sex with men, female sex workers, and adolescent girls and young women; and the inclusion of interventions that support the promotion of human rights for communities affected by HIV and TB. The TRP also highlighted the strong complementarity between the programs outlined in the funding request to the Global Fund and existing PEPFAR programs.

The TRP and the Grant Approvals Committee (GAC) also identified a number of weaknesses and issues to be addressed. Although the proposed program included more initiatives targeting key populations, the request did not describe the progress to date of Malawi's key populations programs. This issue was only partially addressed during grant-making when the applicant provided more details. The GAC said that the country team will continue to monitor the progress of key population programs during grant implementation.

Concerns were also raised about the appropriateness of plans to recruit 1,200 health care workers as a stop-gap measure to address human resource shortages, given that such hiring has been particularly difficult during the current implementation period. According to the Secretariat, the solutions have been defined and the issue is being addressed. It will be monitored during implementation.

None of the concerns appeared to be terribly urgent, as all were recommended to be addressed during grant implementation, rather than prior to grant-signing.

Efficiencies, PAAR, and sustainability

During grant-making, \$4.6 million in efficiencies were identified, mainly as a result of savings in the unit costs of certain commodities – the proposed budget showed unit costs that were higher than what was deemed achievable. The savings were reinvested in the grants, primarily to fund some of the interventions in the PAAR portion of the funding request. These interventions included recruitment of data clerks, TB private sector participation, differentiated HIV testing and diagnosis, and treatment of STIs and other

sexual health services for the general population.

Table: Overview of funding landscape (\$ million)

Component: HIV			
Estimated funding need for program	1,092.0	As % of funding need	Change vs. period
Total domestic resources	9.4	1%	Increase
Total loans	3.4	0.3%	Decrease
Total external resources (non-GF)	436.3	40%	Increase
Total Global Fund resources	339.3	31%	Decrease
Total resources available	788.4	72%	Stable
Unmet need gap	303.7	28%	Decrease
Component: TB			
Estimated funding need for program	76.9	As % of funding need	Change vs. period
Total domestic resources	2.8	4%	Stable
Total loans	6.0	7.8%	Increase
Total external resources (non-GF)	15.8	21%	Increase
Total Global Fund resources	13.9	18%	Increase
Total resources available	38.5	50%	Increase
Unmet need gap	38.4	50%	Decrease

The TRP considered virtually all of \$115.0 million PAAR request as “quality demand.” The interventions to be included in the UQD Register total \$110.4 million, reflecting the reinvestment of \$4.6 million from efficiencies. There are nearly 40 interventions. Among the largest, by dollar amount, are voluntary medical male circumcision; prevention and treatment of opportunistic infections; and supply chain infrastructure strengthening.

As part of the review and recommendation to the Board, the GAC included some notes on the funding landscape, sustainability and co-financing. Among Global Fund recipient countries, Malawi is a long way from transitioning out of eligibility, being high-burden and very low-income. Furthermore, the Global Fund and other external donors account for at least 71% of total available resources for HIV in Malawi. (See table.)

The Government of Malawi has committed to spend an additional \$33.8 million on health in 2018-2020, thus meeting the minimum co-financing commitment required. Of this amount, \$10.0 million is already secured as a loan from the World Bank. Allocation of funds to specific interventions from the co-financing commitment will be done as part of the government’s annual budgeting process.

However, the GAC said that there is a significant risk that the government will not be able to make good on that commitment. The GAC observed that the government has very little fiscal space. Several drought years have destabilized the Malawian economy, driving down growth and government revenues. This contributes to continued overdependence on external aid for health expenditures, which, the GAC said, constitutes a major vulnerability.

Given that HIV, TB and malaria account for 44% of the disease burden in Malawi, sustainability of Global Fund–supported programs are linked to raising adequate resources for the health sector. According to the GAC, existing resource utilization is hampered by both allocative and technical inefficiencies. To improve domestic resource mobilization and its effective use, Malawi has developed a Health Financing Strategy and is in the process of operationalizing it with support from other development partners.

Among the key financing reforms underpinning the health financing strategy are: (a) expanding the share of the total budget devoted to health; and (b) working towards establishing a Health Fund. A legal framework for operating the fund is expected to be developed during the implementation of the grants approved by the Board. Other reforms include improving the performance of the Ministry of Health's headquarters and district offices; decentralizing health services; and improving the mechanisms by which central hospitals collect payments for services.

Malawi is expected to have signed grants within a few weeks of the next Global Fund Board meeting on 14-15 November 2017.

See also separate articles in this issue on the approval of grants emanating from the funding requests for [Zimbabwe TB/HIV](#), and [Benin TB/HIV and malaria](#). In addition, see separate article in this issue providing an [overview](#) of the 46 grants approved for funding.

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