



Independent observer
of the Global Fund

Global Fund chops \$170.6 million from Nigeria's 2014–2016 allocation

The Global Fund has reduced Nigeria's 2014–2016 allocation by \$170.61 million because the country failed to meet its counterpart financing commitments for that period. Nigeria was advised of this decision in a letter dated 19 December 2017 from Mark Edington, Head of the Grant Management Division. Aidspan has obtained a copy of the letter.

The \$170.61 million reduction — the letter from the Global Fund used the term “de-commitment” — is 15% of Nigeria allocation for 2014–2016, which was \$1,137.4 million.

To put this in perspective, \$170.61 million is larger than what most countries have received as their total allocation.

When Nigeria was informed of its allocation on 12 March 2014, it was told that the country must meet a counterpart financing threshold of “20% government contribution to the disease program.” Nigeria was told that it must also meet a willingness-to-pay (WTP) requirement in order to access 15% of its total allocation. At the time, the Global Fund was operating under its Eligibility and Counterpart Financing Policy. (This policy has since been replaced by the Sustainability, Transition and Co-Financing Policy.)

The amount of each country's WTP requirement is not set out in the Eligibility and Counterpart Financing Policy (or in any other policy). Rather it was determined by the Secretariat, ostensibly through negotiations with each country. A “frame of reference” was included in the Global Fund's Operational Policy Manual to assist the Secretariat in the negotiations.

According to the Operational Policy Note on Counterpart Financing, dated 15 December 2014, accessing 15% of a country's allocation was conditional on the country meeting both its counterpart financing requirement and the additional WTP requirement.

The Global Fund's Operational Policy Note on Co-Financing, dated 31 March 2017, which is part of the current [Operational Policy Manual](#), states that in the event of a country failing to meet its WTP commitment, the amount of the de-commitment should be proportional to the "proportion of non-realization" of the WTP requirement. Since the Fund has de-committed the full 15% of Nigeria's allocation, that suggests Nigeria did not meet any part of its WTP requirement.

This appears to have been confirmed by a letter sent to the Minister of Health of Nigeria on 20 October 2017. In that letter, Mark Edington said that to meet its WTP requirements, Nigeria was required to invest \$85.31 million over and above what Nigeria invested for the period 2012–2014. According to Edington, the amount invested by Nigeria for the period 2015–2017 was \$178.13 million below what it had invested in 2012–2014. See Table 1 for details.

Table 1: Status of WTP commitment for Nigeria (\$ million)

Comp.	Column A 2012–2014 actual expenditure	Column B 2015–2017 actual expenditure & budgetary commitments	Column C Increase / decrease (B – A)	Column D Minimum additional investment required (WTP)
HIV	305.89 m	39.90 m	-265.99 m	
TB	54.52 m	17.32 m	-37.20 m	
Malaria	205.46 m	330.52 m	+125.06 m	85.31 m
Total	565.87 m	387.74 m	-178.13 m	

Notes:

1. The amounts in Column B are based on the information which Nigeria had provided the Global Fund by the date of the 20 October 2017 letter.
2. The \$85.3 million additional investment required is 50% of \$170.61 million, which, in turn, is 15% of the 2014–2016 allocation.

Thus, the 20 October letter said, Nigeria was \$263.44 million short — the \$178.13 million shortfall (Column C) plus the \$85.31 million additional requirement (Column D).

The letter noted that there was considerable uncertainty concerning the data submitted by Nigeria's CCM. The letter indicated that the vast majority of countries have already submitted their data in full and that the Global Fund believed that it must "move forward on the basis of data received."

The 19 December 2017 letter from Edington provided a list of amounts that have been de-committed from the budgets of each of Nigeria's ten active grants (see Table 2).

Table 2: Amounts de-committed from grants to Nigeria (\$ million)

Grant	Amount de-committed
NGA-H-ARFH	3.20 m

NGA-H-FHI360	28.00 m
NGA-H-LSMOH	2.30 m
NGA-H-NACA	32.10 m
NGA-H-SFHNG	15.50 m
NGA-T-IHVN	16.81 m
NGA-M-CRS	26.90 m
NGA-M-NMEP	4.50 m
NGA-M-SFH	3.80 m
NGA-T-ARFH	37.50 m
Total	170.61 m

Aidspan is attempting to obtain more information on this situation.

Commitments related to incentive funding awards

Aidspan understands that Nigeria has also failed to provide matching funds for three incentive funding awards from the 2014–2016 allocations, as follows:

- \$5.5 million for PMTCT;
- \$19.8 million for MDR-TB; and
- \$45.7 million for LLINs.

All three awards were conditional on Nigeria providing matching funds equal to the amounts of the awards.

The matching funds required for the LLINs award has since been lowered to \$18.7 million (see [GFO article](#)). Aidspan understands that the \$18.7 million may be forthcoming shortly. The Global Fund has extended the deadline for this matching payment several times. If the funds are not forthcoming, the Global Fund says that it will have to deduct twice the \$18.7 million from Nigeria’s 2017–2019 allocation.

Grants for the new funding cycle

On 13 December 2017, the Global Fund Board approved two malaria grant to Nigeria amounting to \$283.3 million. At the same time, the Board approved 18-month costed extensions for two HIV and two TB grants. A few weeks later, the Board approved similar extensions for two additional HIV grants. Nigeria had submitted a TB/HIV funding request in May 2017 but it was returned for iteration. (See GFO articles [here](#), [here](#) and [here](#).)

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