

Subject: **2020-2022 ALLOCATION LETTER<sup>1</sup>**

Geneva, 18 December 2019

Dear Bishop Mususu,

For the past 17 years the Global Fund has worked with partners around the world to fight AIDS, tuberculosis and malaria and strengthen health systems. Together, we can recognize and applaud the massive progress made, and we can share collective determination to accelerate efforts to end these epidemics and ensure better health and wellbeing for all by 2030. We know it is within reach, but with 11 years left, we have no time to waste. We must step up the fight, through increased innovation and collaboration and improved execution to address some of the major challenges.

It is essential that we focus on reducing incidence and scaling-up effective prevention efforts, invest in strengthening both health and community systems, prioritize our investments with key and vulnerable populations, and ensure we tackle human rights-related barriers to health and gender inequalities. We also need to ensure sustainability of the success we achieve, including working together to mobilize increased national resources for health. The Technical Review Panel (TRP) that assesses funding requests to the Global Fund has underlined these areas in depth in its Observations Report<sup>2</sup> and these focus areas are consistent with updated Global Fund guidance, available in Information Notes and Technical Briefs<sup>3</sup>. We encourage you and all those involved in the preparation of the funding request to read these carefully.

### Zambia allocation

Based on the Global Fund Board's decision in November 2019 on the funding available for the 2020-2022 allocation period, **Zambia has been allocated US\$315,244,697 for HIV, tuberculosis, malaria and building resilient and sustainable systems for health (RSSH)**. The allocation amounts for all countries have been determined according to a methodology approved by the Global Fund Board, primarily based on disease burden and income level. Zambia is classified as a lower lower-middle-income country<sup>4</sup>.

**Table 1: Summary of allocation**

Eligible disease component	Allocation (US\$)	Allocation Utilization Period
HIV	233,545,183	1 January 2021 to 31 December 2023
Tuberculosis	16,568,354	1 January 2021 to 31 December 2023
Malaria	65,131,160	1 January 2021 to 31 December 2023
<b>Total</b>	<b>315,244,697</b>	

<sup>1</sup> This letter includes annexes and links, which should be read together and in-full.

<sup>2</sup> <https://www.theglobalfund.org/en/technical-review-panel/reports/>

<sup>3</sup> <https://www.theglobalfund.org/en/funding-model/applying/resources/>. Each of the four Core Information Notes include a short executive summary.

<sup>4</sup> Determined from gross national income (GNI) per capita using the World Bank income group thresholds for 2019.

**Application approach.** Zambia is requested to submit its applications for HIV and TB funding using the Full Review funding request. Zambia is invited to submit its application for malaria funding using the Program Continuation funding request. If you elect not to use this funding request approach you are requested to use the Full Review application form. A complete set of application materials will be shared by the Global Fund country team. Due to high co-infection of TB and HIV Zambia is requested to submit TB/HIV as a joint funding request. All funding requests are required to be developed through inclusive and transparent country dialogue with a broad range of stakeholders including key and vulnerable populations.

**Timing.** The allocation agreed for each disease component can be used during the relevant allocation utilization period indicated in Table 1 (above). Any remaining funds from a previous allocation, unused by the start of the indicated allocation utilization period, will not be additional to the allocation amount<sup>5</sup>.

**Implementation.** The Global Fund recognizes the value of efficient implementation and encourages all countries to explore opportunities to streamline and consolidate implementation arrangements for the coming allocation period.

**Program split.** The Global Fund has proposed an indicative split of funds across eligible disease components in Table 1 (above). However, the Country Coordinating Mechanism (CCM) has the responsibility to assess and propose the best use of funds across these disease components and related investments in the health system. Applicants can choose to accept the Global Fund split or propose a revised one based on a data-based analysis of programmatic gaps and in consideration of the funding needed to maintain essential programming. The Global Fund will carefully review the justification for any program split change.

**Aims of allocation.** The funding request submitted to the Global Fund should be aligned with prioritized country needs and guided by relevant National Strategic Plans and program reviews.

**Importance of investments in health and community systems.** The Global Fund encourages applicants to invest in strengthening health and community systems as these are essential to accelerate progress towards ending the epidemics. The Global Fund welcomes i) initiatives to introduce and strengthen integrated care from a patient perspective (including addressing co-infections or providing coherent care packages such as integrated ante-natal services), as well as ii) investments in underlying system capacities necessary to achieve impact and sustainability (including labs, supply chains, data systems, community-based monitoring, community mobilization, advocacy and organizational development, and human resources for health at the community and facility level). To achieve greater value for money and effectiveness, the Global Fund encourages applicants to explore opportunities for integration across the three diseases and within broader systems for health wherever possible. Tracking improvements in results requires robust measurement and the Global Fund anticipates that applicants will invest appropriately to strengthen data collection and use. More guidance is available in the RSSH Information Note and Community Systems Strengthening technical brief on the Global Fund website<sup>6</sup>.

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<sup>5</sup> Any extension of an existing grant will be deducted from the subsequent allocation utilization period, both in terms of time and funds used during the extension period.

<sup>6</sup> <https://www.theglobalfund.org/en/funding-model/applying/resources/>

**Importance of investments in human rights and gender.** Removing human rights and gender-related barriers in access to services is critical to ending the epidemics. When unaddressed these barriers undermine effective and impactful responses and limit sustainable progress. Detailed guidance on effective investments in programs and approaches that address human rights and gender-related barriers, including key interventions for incorporation into funding requests, can be found in the technical briefs on the Global Fund website<sup>7</sup>.

**Importance of increasing domestic resources.** Increasing domestic resources for health, and specifically for HIV, tuberculosis and malaria, is essential to end the epidemics and strengthen the health systems that are the foundation of the disease response. This is particularly important for Zambia given the reduction in Global Fund allocation funding for malaria and potential for future reductions. Accessing the 2020-2022 allocation is dependent on meeting the Global Fund's co-financing requirements. All countries are expected to i) progressively increase overall health spending in accordance with recognized international declarations and national strategies and ii) progressively take on key program costs, including those currently financed by the Global Fund. In addition, 15% of Zambia's allocation is a co-financing incentive, accessible only when Zambia makes and realizes additional domestic commitments targeted as per the requirements of the Sustainability, Transition, and Co-Financing (STC) policy<sup>8</sup>. Further details about co-financing requirements and the co-financing incentive are included in Annex A.

**Recoveries.** Verification of expenditures under prior or existing Global Fund grants, including through audits and investigations by the Global Fund's Office of the Inspector General, or by or on behalf of the Global Fund Secretariat, may have resulted or may result in current or former Principal Recipients having to refund amounts to the Global Fund. Access to the full allocation amount will be conditional on relevant Principal Recipients' actions towards repayment. The Global Fund will work with CCMs and Principal Recipients to explore all possibilities for repayment. If satisfactory actions towards repayment are not completed, the Global Fund can apply remedial action, including a reduction of funding of twice the outstanding recoverable amounts from the allocation amount. The Global Fund considers that there is an outstanding recoverable amount of US\$4,638,025 as of 30 November 2019, for which there is an existing signed reimbursement protocol committing to repay US\$4,638,025 by 31 December 2020. The Global Fund is currently reviewing the potential for reduction in the amount due by a maximum of US\$364,059.

### **Opportunities for funding beyond the allocation amount**

Zambia is eligible for additional **catalytic matching funds** beyond the allocation amount.

- **US\$6,300,000** may be accessed for HIV Prevention programming in the following priority areas: 1. Adolescent Girls and Young Women in High Prevalence Settings and 2. Condom Programming.
- **US\$6,000,000** may be accessed for the Finding Missing People with TB priority area.

The applicant will need to submit an integrated funding request including interventions for both the total matching funds amount as well as the matched allocation amount. Further details are included in Annex B.

<sup>7</sup> <https://www.theglobalfund.org/en/funding-model/applying/resources/>

<sup>8</sup> [https://www.theglobalfund.org/media/4221/bm35\\_04-sustainabilitytransitionandcofinancing\\_policy\\_en.pdf](https://www.theglobalfund.org/media/4221/bm35_04-sustainabilitytransitionandcofinancing_policy_en.pdf)

**Unfunded quality demand.** The Global Fund requests that all applicants develop a Prioritized Above Allocation Request (PAAR) and submit this along with the allocation funding request. Interventions from the PAAR that the TRP considers quality demand will be listed on the Register of Unfunded Quality Demand (UQD). In the 2017-2019 allocation period, over US\$1.2 billion of unfunded quality demand was funded, through savings and efficiencies identified in grant-making and/or implementation, portfolio optimization, private sector investments and Debt2Health debt swaps. Submitting a robust PAAR is an essential step to accessing funding beyond the allocation amount.

I thank you for your efforts in the global fight against HIV, tuberculosis and malaria.

Sincerely,

A handwritten signature in black ink that reads "M.A. Eldon-Edington". The signature is written in a cursive style with a small flourish at the end.

Mark Eldon-Edington  
Division Head, Grant Management

## Annex A: Supplementary information for Zambia

**Currency.** The allocation for Zambia is denominated in US dollar. If you would like to change currency to better match your country's financial and monetary context, notify your Fund Portfolio Manager by 15 February 2020. Global Fund allocations can only be denominated in US dollar or euro.

**Value for money procurement.** To maximize the impact of allocations, the Global Fund will not finance commodities purchased at a price higher than the reference price for such commodities, where one exists. Please consult the Global Fund website for a consolidated reference price list<sup>9</sup>. The reference price is set based on the globally negotiated price for specific health and non-health products either via the Pooled Procurement Mechanism (e.g. through wambo.org) or through partner platforms such as Stop TB Partnership's Global Drug Facility. If the outcomes of a procurement process for products meeting the relevant clinical and quality standards result in selecting a supplier of commodities with a price higher than the relevant reference price – taking the Total Cost of Ownership into consideration– national or other resources must be used to pay the difference. Refer to the Budgeting Guidelines<sup>10</sup> for more details.

### Strengthening sustainability and impact of investments

To strengthen the overall impact and sustainability of Global Fund investments, the Global Fund has two different requirements. "Application focus requirements" outline how countries should invest Global Fund financing and "co-financing requirements" outline how countries should invest domestic commitments made in the context of Global Fund grants. These requirements differ based on a country's income classification.

#### **Application focus requirements: 50%**

As Zambia is classified as a lower lower-middle-income country, at least 50% of allocation funding should be for disease-specific interventions for key and vulnerable populations and/or highest impact interventions within a defined epidemiological context. Requests for RSSH must be primarily focused on improving overall program outcomes for key and vulnerable populations in two or more of the diseases and should be targeted to support scale-up, efficiency and alignment of interventions. Applications must include, as appropriate, interventions that respond to human rights and gender-related barriers, inequities and vulnerabilities in access to services.

#### **Co-financing incentive requirements for the 2020-2022 allocation:**

Total amount of 2020-2022 allocation subject to additional co-financing investments in disease programs and/or RSSH as described below (15% of 2020-2022 allocation): US\$47,286,705.

Minimum amount of additional co-financing investments for Zambia to access full co-financing incentive: US\$47,286,705. The minimum amount of additional domestic commitments must be in addition to the domestic investments made in the implementation period of the previous allocation cycle<sup>11</sup>.

<sup>9</sup> <https://www.theglobalfund.org/en/sourcing-management/health-products/>

<sup>10</sup> <https://www.theglobalfund.org/en/documents-by-type/implementers/>

<sup>11</sup> Commitments of additional co-financing investments must be made to the relevant disease programs and/or related RSSH over the implementation period of the grant, as per the requirements in the STC policy.

As Zambia is classified as a lower lower-middle-income country at least 50% of the additional co-financing investments required to access the co-financing incentive must be invested in disease program interventions.

Commitments to access the co-financing incentive should specify specific activities to be financed and how realization of commitments will be verified and reported to the Global Fund. Zambia should provide confirmation of co-financing commitments and evidence of realization of those commitments from appropriate government authorities, including the Ministry of Finance or other relevant bodies.

The Government of Zambia has shown good compliance with its previous co-financing commitments and we expect this to continue in 2019 to qualify for full access to the allocation. Guided by the National Medium Term Expenditure Framework, which projects an increase in the allocation to health in the national budget to 14.8% by 2021, we suggest the following areas for targeting the Global Fund co-financing commitment: i) HIV, TB, and malaria pharmaceuticals and other health products, ii) salaries of the Nurses and Community Health Assistants currently included in the Global Fund grants, and iii) the operational costs of the Medical Stores Limited and its regional hubs renovated and constructed with the support of Global Fund grants.

Please note that the commitment should detail the timing and activities to be financed for verification purposes. Zambia should provide the commitment letter signed by the Minister of Finance for the minimum amount of \$47,286,705.

**Previous co-financing and domestic commitments for the 2017-2019 allocation:**

Failure to realize previous co-financing commitments from the 2017-2019 allocation may result in the Global Fund reducing funds from existing grants and/or reducing the 2020-2022 allocation. Zambia should submit evidence of the realization of previous commitments when submitting the funding request.

**Table 2: Domestic commitments for 2017-2019 allocation**

Program	Currency	2018	2019	2020	2021
HIV	US\$	57.99 M	59.73 M	61.52 M	63.36 M
Tuberculosis		9.32 M	9.32 M	9.32 M	9.32 M
Malaria		29.40 M	30.87 M	32.41 M	N/A
<b>Total Government Contribution</b>		96.71 M	99.92 M	103.25 M	72.68 M

Source: Funding Request and background documents submitted via access to funding process for the 2017-2019 allocation

## **Annex B: Catalytic Matching Funds**

Catalytic matching funds aim to incentivize the use of country allocations towards strategic priorities that will help deliver the Global Fund's mission to end the epidemics of HIV, tuberculosis and malaria and to support attainment of the Sustainable Development Goals. This funding should catalyze innovation and ambitious programming approaches and maximize impact in specific strategic priority areas. A corresponding increase in programmatic targets and coverage is anticipated through both the increased use of country allocations and use of matching funds towards the relevant catalytic investment priority.

Zambia is eligible to receive catalytic matching funds in the following priority areas:

1. HIV Prevention
2. Finding Missing People with TB

Each priority area and its related conditions are described in further detail below. In addition, specific programmatic conditions for each area of catalytic funding will form the basis for TRP review and Grant Approvals Committee approval. More detailed information and guidance on each of the priority areas, including any relevant programmatic conditions, will be shared in January 2020.

### **Strategic Initiative for technical assistance for matching funds**

In order to operationalize the catalytic matching funds, Zambia is also eligible to receive technical support through Strategic Initiatives. Details on how to access this support will be communicated at a later stage.

#### **1. HIV Prevention Catalytic Matching Funds**

This funding aims to maximize the countries investments for prevention within the overall allocation to ensure the expansion and impact of HIV prevention programming.

Catalytic funds are awarded for specific and targeted investments that should address bottlenecks to increase the potential of country allocations toward quality, coverage and scale leading to impact of HIV prevention investments.

**Programmatic approaches.** Catalytic Investments in comprehensive HIV prevention are intended to increase access to high impact HIV prevention programs for populations with the greatest HIV prevention need, by directing funds to the following:

- a. Investment in high impact service delivery models and interventions, and populations with greatest HIV prevention need;
- b. Investment in activities and processes that support the scale up of HIV prevention to meet national HIV prevention targets – coverage, quality and scale;
- c. Support for strengthening systems for HIV prevention implementation (particularly community systems) to move towards people centered and differentiated/tailored approaches;
- d. Interventions that improve access to key prevention commodities and technologies – existing and new – to ensure prevention commodities and services are valued, acceptable and available to users in the right locations; and
- e. Support for strengthening approaches and mechanisms toward the long-term sustainability of HIV prevention programming.

Zambia is eligible for catalytic matching funds for HIV Prevention in the following areas:

<b>Catalytic matching funds priority area</b>	<b>Amount</b>	<b>Conditions to access the funds</b>
Adolescent Girls and Young Women in high Prevalence Settings	US\$3,800,000	<b>Condition:</b> An increase in the allocation amount designated to the relevant catalytic investment priority, compared to the budget levels in Global Fund grants from the 2017-2019 allocation period.
Condom Programming	US\$2,500,000	<b>Condition:</b> Invest a portion of its HIV allocation that is greater than or equal to the amount of available matching funds in condom programming.

## 2. Finding Missing People with TB Catalytic Matching Funds

<b>Catalytic matching funds priority area</b>	<b>Amount</b>	<b>Conditions to access the funds</b>
Finding Missing People with TB	US\$6,000,000	<p><b>Condition:</b> An increase in the allocation amount designated to find additional missing people with TB, compared to the budget levels in Global Fund grants from the 2017-2019 allocation period; and</p> <p><b>Condition:</b> Invest a portion of its TB allocation that is greater than or equal to the amount of available matching funds in programming for Finding Missing People with TB.</p>

### **Additional programmatic conditions for Finding Missing People with TB priority area:**

- There must be a clear demonstration in the funding request of the additionality to the number of cases notified and reducing the gap of missing cases both for drug susceptible and drug-resistant TB.
- Matching funds should be earmarked for scale up of innovative approaches to find missing people with TB through targeted interventions based on the epidemiological profile, country context and lessons learned and not simply top-up the allocation.
- There must be a comprehensive approach to finding missing people with TB including improving quality of care and provision of TB preventive treatment for high risk groups.