

Subject: **2020-2022 ALLOCATION LETTER¹**

Geneva, 17 December 2019

Dear Dr Agnes Mahomva, CCM Chair,

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 Report² and these focus areas are consistent with updated Global Fund guidance, available in Information Notes and Technical Briefs³. We encourage you and all those involved in the preparation of the funding request to read these carefully.

Zimbabwe allocation

Based on the Global Fund Board's decision in November 2019 on the funding available for the 2020-2022 allocation period, **Zimbabwe has been allocated US\$500,490,755 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. Zimbabwe is classified as a lower lower-middle-income country⁴.

Table 1: Summary of allocation

Eligible disease component	Allocation (US\$)	Allocation Utilization Period
HIV	425,034,567	1 January 2021 to 31 December 2023
Tuberculosis	23,771,855	1 January 2021 to 31 December 2023
Malaria	51,684,333	1 January 2021 to 31 December 2023
Total	500,490,755	

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

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

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

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

Application approach. Zimbabwe is requested to submit its applications for HIV, TB and malaria funding using the Full Review funding request. A complete set of application materials will be shared by the Global Fund country team. Due to high co-infection of TB and HIV Zimbabwe 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 amount⁵.

Implementation. The Global Fund will continue to implement Additional Safeguard Measures in Zimbabwe during the next implementation period as it continues to monitor the evolving situation with all key stakeholders. The Global Fund is committed to supporting implementation through national entities and will continue to engage with the country to encourage transition of the HIV grant to national entity implementors.

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. In addition, the Global Fund would like to take this opportunity to share the following for your consideration during the development of the funding requests:

- Zimbabwe has made significant strides in implementing a robust combination of HIV prevention programs. In light of (1) Zimbabwe's significant progress in reducing HIV incidence, and (2) the potential of new national HIV strategic and multi-sectoral plans, Zimbabwe is encouraged to pay particular attention to increasing HIV prevention coverage, quality and prioritized sub-national and national scale, focusing responses on the five prevention pillars with a view to ultimately reducing incidence.
- The Global Fund encourages the continuation of nationally defined adolescent girls and young women (AGYW) interventions currently being implemented. The Global Fund will continue to support the country in strengthening the implementation and scale up of quality evidence-based AGYW interventions in line with national strategies.
- The Global Fund supports the continuation of efforts to double TB treatment coverage and intensify DR-TB patients' and HIV/TB co-infected patients' diagnosis and treatment.

⁵ 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.

- The Global Fund encourages a renewed impetus to malaria elimination in Zimbabwe by 2030 through increased geographical coverage over the next allocation utilization period, with continued focus on quality malaria control interventions in the areas with high malaria transmission.

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 website⁶.

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 website⁷.

Importance of increasing domestic resources. Zimbabwe has made significant increases in health sector spending over the last three years, which include remarkable efforts on the part of the Zimbabwean government to increase its financing and to improve the management of important interventions such as ART census and HIV prevention services for key and vulnerable populations, TB case finding and malaria control and elimination.

The country is commended for its innovative approaches to health financing that include its AIDS Levy representing a 3% tax on individual and corporate income and which has greatly contributed to the successful national HIV response. The Global Fund notes that half of the resources raised through the AIDS Levy are earmarked for HIV commodities procurement, while the remainder is shared between prevention interventions and program management costs. The AIDS Levy has been the major co-financing mechanism for increased health spending in the country and has been considered as a model for innovative financing in the region.

The Global Fund also acknowledges the country's efforts to increase health spending through Health Fund Levy, whereby 5% has been taxed for every dollar of airtime and mobile data purchased since 2017. These resources are ring-fenced for the purchase of essential medicines and equipment for public hospitals and clinics. Such approaches demonstrate a

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

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

strong commitment to fighting the three diseases and improving the health sector financing. The Global Fund looks forward to continuing to support this progress.

Notwithstanding the above efforts, significant funding gaps remain concerning health sector financing as well as financing of HIV, TB and malaria program needs. These gaps are mainly driven by the sharply deteriorating economic environment and drastically reduced fiscal capacity in Zimbabwe. As such, and until applicable economic indicators evidence steady signs of improvement, the Global Fund has decided to waive the co-financing requirement for Zimbabwe for the allocation period 2020-2022. It is, however, critical that the country continues to demonstrate strong commitment to health financing, including new and innovative approaches towards increased health spending in Zimbabwe to ensure that everyone has access to health services.

During the upcoming 2020-2022 country dialogue, the Global Fund looks forward to engaging with in-country stakeholders to explore new ways how best to address the current economic challenges with an objective to maximize the impact of the Global Fund allocation and the country's already significant commitments to fighting HIV, TB, and Malaria.

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\$66,293⁸, as of 30 September 2019, for which a reimbursement protocol is being finalized.

Opportunities for funding beyond the allocation amount

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

- **US\$20,000,000** may be accessed for HIV Prevention programming in the following priority areas: 1. Adolescent Girls and Young Women in High Prevalence Settings and 2. Scaling Up Community-Led Key Population Programs.
- **US\$2,000,000** may be accessed for the TB preventive treatment (TPT) for People Living with HIV (PLHIV) with a family approach 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.

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.

⁸ HIV grant USD 45,153
TB grant USD 13,195
Malaria grant USD 7,945

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" with a small flourish at the end.

Mark Eldon-Edington
Division Head, Grant Management

Annex A: Supplementary information for Zimbabwe

Currency. The allocation for Zimbabwe 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 list⁹. 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 Guidelines¹⁰ 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 Zimbabwe 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.

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. Zimbabwe should submit evidence of the realization of previous commitments when submitting the funding request.

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

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

Table 2: Domestic commitments for 2017-2019 allocation

Program	Currency	2018	2019	2020
HIV	US\$	33.45 M	33.45 M	33.45 M
Tuberculosis		0.57 M	0.58 M	0.58 M
Malaria		1.00 M	1.00 M	1.00 M
RSSH		30.00 M	30.00 M	30.00 M
Total Government Contribution		65.02 M	65.03 M	65.03 M

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

Additional Safeguard Policy. The Global Fund would like to take this opportunity to reconfirm that the Zimbabwe portfolio remains subject to the Additional Safeguard Policy during the 2020-2022 allocation period until notified otherwise. This means that any nomination of Principal Recipients for the next implementation period may be made directly by the Global Fund, ensuring consultation with the CCM and other development partners. The Global Fund may also select or make final decisions on the nominated Sub-recipients and other implementing entities.

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.

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

1. HIV Prevention
2. TB Preventive Treatment for People Living with HIV

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, Zimbabwe 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 investments for prevention within the overall allocation to ensure the expansion and impact of HIV prevention programming.

Catalytic matching 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.

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

Catalytic matching funds priority area	Amount	Conditions to access the funds
Adolescent Girls and Young Women in High Prevalence Settings	US\$10,000,000	Condition: An increase in the allocation amount designated to adolescent girls and young women in high prevalence settings, compared to the budget levels in Global Fund grants from the 2017-2019 allocation period.
Scaling Up Community-Led Key Population Programs	US\$10,000,000	Condition: An increase in the allocation amount designated to scaling up community-led key population programs, compared to the budget levels in Global Fund grants from the 2017-2019 allocation period.

2. TB Preventive Treatment for People Living with HIV Catalytic Matching Funds

Catalytic matching funds priority area	Amount	Conditions to access the funds
TB preventive treatment for People Living with HIV with a family approach	US\$2,000,000	<p>Condition: Invest a portion of its HIV allocation that is greater than or equal to the amount of available matching funds in programming for TB preventive treatment for People Living with HIV with a family approach.</p> <p>Condition: Demonstrate additionality with clear targets for People Living with HIV and children under 5 years of age.</p>