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The Global Fund

To Fight AIDS, Tuberculosis and Malaria

Thirteenth Board Meeting
Geneva, 27 - 28 April 2006

GF/B13/18

REPORT OF THE INDEPENDENT REVIEW PANEL (IRP) ON NIGERIA GRANTS

Outline: The Independent Review Panel (IRP) is submitting a report in relation to two Nigeria grants (PMTCT Centers for excellence, Grant Number: NGA-102-G01-H-00 and Expansion of antiretroviral (ARV) treatment, Grant Number: NGA-102-G03-H-00) for consideration by the Board at the 13th Meeting (Reference GF/B13/18). This document first explains the background to the IRP report and addresses certain other relevant considerations. It then includes as an annex the report of the IRP which submits conclusions to the Board based on information put forth by the CCM, PR, Secretariat and Board constituencies which were formally presented as part of the decision making process. Members of the IRP worked electronically and through teleconferences to arrive at a consensus on all of the issues in contention.

Process Note: Under the Phase 2 Decision-Making Policies and Procedures (Paragraph 13), a final decision for making a funding commitment must be made by the Board at this Board Meeting. The Independent Review Panel suggest the following options for the Board to consider:

1. "Conditional Go" for PMTCT grant which shows better performance in some coverage indicators but not governance. Discontinue funding for ART with continued funding for treatment under the current rules of the Board.
2. Discontinue ART and PMTCT, with continued funding for treatment under the current rules of the Board. Follow Secretariat's recommendation to use experience of Round 1 for implementation of programme approved in Round 5.

Part 1: Background to review of Nigeria grants

1. The Nigeria CCM submitted a Request for Continued Funding for the two grants in July 2005. Having reviewed the two submissions the Secretariat communicated to the CCM its intent to recommend a “No Go” and invited the CCM to respond.
2. Following consideration of the CCM response, the Secretariat submitted a “No Go” recommendation to the Board. This “No Go” recommendation by the Secretariat was blocked by the Board. Following this the Secretariat made a second “No Go” recommendation which was subsequently blocked by the Board.
3. In accordance with the provisions of the Phase 2 Decision Making Policies and Procedures, as amended at the 12th Board meeting, the matter was referred to an independent panel. The accompanying report (Annex 1) presents the findings of that independent panel. A more detailed presentation has also been prepared by the IRP and is attached for reference (Attachment 1).

Required action:

Under the Phase 2 Decision-Making Policies and Procedures (Paragraph 13), a final decision for making a funding commitment must be made by the Board at this Board Meeting.

Part 2: Information to supplement the Report of the IRP

1. The purpose of the IRP report is to facilitate a Board decision. In accordance with its terms of reference, the IRP reviewed information relating to past performance only. It has not, nor was it required to make recommendations on budgets for any possible Phase 2 period.
2. It is recognized that a decision by the Board may either be to agree with the Secretariat recommendation of a “No Go” or to agree to extend Phase 2 funding for one or both of the grants. Acknowledging the possibility of a “Conditional Go” decision, the Secretariat seeks through this note to update the Board on the maximum available for incremental funding for each grant.

Grant Number: NGA-102-G01-H-00, PMTCT Centers for excellence,

3. The five-year amount requested in the proposal for this grant is US\$ 27,431,874. The Grant Agreement was signed for with a 2-year amount of US\$ 8,708,684. Therefore, the maximum available for incremental funding for Phase 2 is therefore US\$ 18,723,190.

Grant Number: NGA-102-G03-H-00 Expansion of antiretroviral (ARV) treatment,

4. There is some ambiguity as regards the maximum Phase 2 incremental funding amount for this grant. Secretariat records, including the website and the Report of the Second Board Meeting state that the total budget for this grant is US\$ 41,772,103. This amount is also consistent with the amount provided in the TRP review form. Based upon a Phase 1 grant amount of US\$ 17,772,103 this would imply a maximum incremental funding for Phase 2 of US\$ 24,000,000.
5. The Secretariat notes that the CCM Request for Continued Funding states that the maximum Phase 2 incremental amount is US\$ 62,000,000. The Secretariat has examined available documentation in order to identify the reasons for this significant discrepancy. In this respect we note that, as a Round 1 grant, the documentation particularly as regards budgets is

not as complete as information collected by the Secretariat in subsequent rounds. Nevertheless the Secretariat notes the following:

- a. The program covered by this proposal is a 5 year program. This was also acknowledged in the Grant Agreement (Proposal Completion Date is 5 years from the Program Starting Date). Funding of US\$ 24,000,000 only extends Phase 1 by one additional year (i.e. into year 3).
- b. There is a formatting/printing error in the Proposal Form wherein the amounts requested for years 4 and 5, stated as "US\$ 20 million" and "US\$ 18 million", appear on a different line from the amounts requested for years 1 to 3. Omission of these amounts from the total requested would lead to the conclusion that the total amount requested was US\$ 41,772,103. It appears that the TRP used this figure, as did the Secretariat.
- c. The annual request in the Proposal Form for years 3, 4 and 5 of respectively US\$ 24 million, US\$ 20 million and US\$ 18 million amounts in total to US\$ 62 million. This is the amount that the CCM states in its Request for Continued Funding as the maximum Phase 2 incremental amount.

6. The maximum possible incremental funding for Phase 2 is therefore either US\$ 24,000,000, as recorded by the TRP and Secretariat or US\$ 62,000,000, if it is accepted that a formatting/printing error led to reading the wrong CCM request amount at time of approval in April 2002. On balance, the Secretariat believes that US\$ 62,000,000 is the correct maximum possible incremental amount reflecting the intent of the applicant.

This document is part of an internal deliberative process of the Fund and as such cannot be made public. Please refer to the Global Fund's documents policy for further guidance.

REPORT OF THE INDEPENDENT REVIEW PANEL (IRP)¹ ON NIGERIA**Grants reviewed:**

PMTCT Centers for excellence, Grant Number: NGA-102-G01-H-00
Expansion of antiretroviral (ARV) treatment, Grant Number: NGA-102-G03-H-00

Outline

The IRP has in this report submitted conclusions to the Board based on information put forth by the CCM, PR, Secretariat and Board constituencies which were formally presented as part of the decision making process. Members of the IRP worked electronically and through teleconferences to arrive at a consensus on all of the issues in contention.

Summary of critical points

1. Critical point 1: On 22 June 2004, GF formally revised grant start and finish dates to 1 Jan 2004 and 31 Dec 2005 respectively.
2. Critical point 2: On 7 Feb 2005, GF draws attention of NACA on lack of progress regarding the implementation of grants.
3. Critical point 3: On 1 Dec 2005, Secretariat recommends to the Board a “No Go” decision regarding the CCM Phase 2 request.
4. Critical point 4: On 13 Dec 2005, Board’s first Objection to Secretariat’s “No Go”, requesting a “Conditional Go” instead.
5. Critical point 5: On 6 Jan 2006, Secretariat reviews Board’s objection but re-submits “No Go”. The Secretariat’s Review Panel judges the overall performance insufficient to justify further investment, progress in Q6 is not supported by evidence (Q7).
6. Critical point 6: On 16 Jan 2006, Board’s second objection to “No Go”, maintains “Conditional Go”. CCM and PR argue that after an admittedly slow start, major progress was made in the last quarter after fundamental problems had been overcome.

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Part 1: Background

1. The Nigeria CCM is managing two grants: one on PMTCT and the other on ARV both of which resulted from Round 1 proposals that were approved by the TRP in 2002. In July 2005, the CCM requested phase 2 funding for the expansion of both grants, which have since been managed jointly.
2. The Secretariat made preliminary recommendations against Phase 2 funding, and after having received comments from the CCM on this intention, effectively recommended a “No Go” to the Board.
3. The Secretariat’s “No Go” recommendation has been blocked twice by the Board.
4. The Global Fund therefore commissioned an independent review of the key topics and arguments in the discussion in order to facilitate the Board’s decision.

Part 2: Objectives and Methodology

1. The IRP was charged with mapping the information formally put forward by the Principal Recipient, the Secretariat and the different Board Constituencies in the Phase 2 decision making process.
2. The activities of the IRP consisted in the screening of all of the documents presented, the definition of the key topics, the mapping of representative arguments and basic facts per key topic and the writing of a summary report for the board.

Part 3: History of events

1. The two original proposals were dated 31 January 2002. They were studied and certain clarifications requested by the TRP of the CCM. Both grants were subsequently signed in June 2003.
2. On 22 June 2004, Implementation letter 2 of the GF revised the starting and ending dates of the grants to 1 Jan 2004 and 31 Dec 2005 respectively. A procurement plan was produced by the NACA in September 2004.

Critical Point 1: GF revised starting and ending dates of grants to 1 Jan 2004 and 31 Dec 2005 respectively.

3. On 7 Feb 2005, the Secretariat wrote to Prof Babatunde Osotimehin (Chair, NACA) regarding the lack of progress reports submitted for HIV grants as well as the slow disbursements of funds which have resulted in concerns about the grants. Prof Osotimehin replied to the Secretariat on 10 Feb 2005. In April 2005, the LFA confirmed that the first procurements had arrived in Nigeria.

Critical Point 2: GF draws attention of NACA on lack of progress regarding implementation of grants: an early warning.

4. Implementation letter 6 of 20 January 2006, approved the extension of the grant to 31 May 2006 whilst Phase 2 funding request was being considered.
5. On 28 July 2005, the Secretariat received the CCM Phase 2 request. LFA Phase 2 request assessment reports were dated 28 July and 3 Aug 2005 for the two grants. The LFA conducted site visits to the PMTCT and ARV projects from the 8th to the 10th of August 2005.

6. On 11 Oct 2005 the Secretariat Review Panel informed the CCM of its intention to recommend a “No Go” decision to the Board regarding the phase 2 request. The grant score cards are shared with the CCM. The CCM responded on 6 Nov 2005.

7. On 1 Dec 2005, the Secretariat submitted to the Board the CCM Phase 2 request, the draft score cards, the letter dated 7 Feb 2005 to the NACA and a “No-Go” notification letter.

Critical Point 3: On 1 Dec 2005, the Secretariat recommends to the Board a “No-Go” decision in response to the CCM’s Phase 2 request.

8. On 13 December 2005, objection forms by constituency were received from the West and Central Africa Constituency; Communities; France Constituency; Developed Country NGO and Developing Country NGO. All suggested a “Conditional Go”.

Critical Point 4: Board’s first objection to “No-Go”, puts forward “Conditional-Go”.

9. On 6 Jan 2006, the Secretariat reviewed its recommendations pursuant to considerations of the board’s recommendations and re-tabled a “No-Go” recommendation.

Critical Point 5: Secretariat reviews Board’s objection but re-submits “No-Go”.

10. On 16 Jan 2006, the Board again rejects the “No-Go” recommendation. Objection forms by constituency were received from the West and Central Africa Constituency; Communities; Canada; Developed Country NGO and the East and Southern Africa Constituency.

Critical point 6: Board’s second objection to “No-Go”. Maintains “Conditional Go” and sets up an IRP.

11. Timeline of disbursements: The first disbursement request was made on 1 Oct 2003 and received at the Secretariat on 5 Nov 2003. It was disbursed on 19 Dec 2003 and was received by the PR on 31 Dec 2003. The corresponding dates of the second disbursement were 24 Jan 05, 11 Feb 05, 17 Feb 05 and 11 Mar 05. The third disbursement was requested on 26 April 05, received on 27 Jun 05 by the GF, disbursed on 8 Jul 05 and received by the PR on 12 Jul 05.

Part 4: Process Findings

1. Response from PR to early warning acknowledges slow start, but claims recent progress.

2. LFA Phase 2 Request Assessment Reports recommend “Conditional Go”, on the basis of assumed catch-up on activities in the first part of year 3. However, LFA reveals data inconsistencies from Q6 site visits.

3. CCM response to “No-Go” draft score cards recognizes initial slow implementation but rejects most other reasons. Secretariat finds no new information and submits “No-Go” to Board.

4. The First Board objection to “No-Go” agrees on underperformance but request “Conditional-Go”.

5. Secretariat’s response emphasizes PBF principles and argues that claims of improved performance are based on additional data outside of the established 18 month Phase 2 review period. Also states that Nigeria has been approved for a substantial HIV/AIDS grant in Round 5. CCM could use lessons learned in the previous period in structuring this new grant.

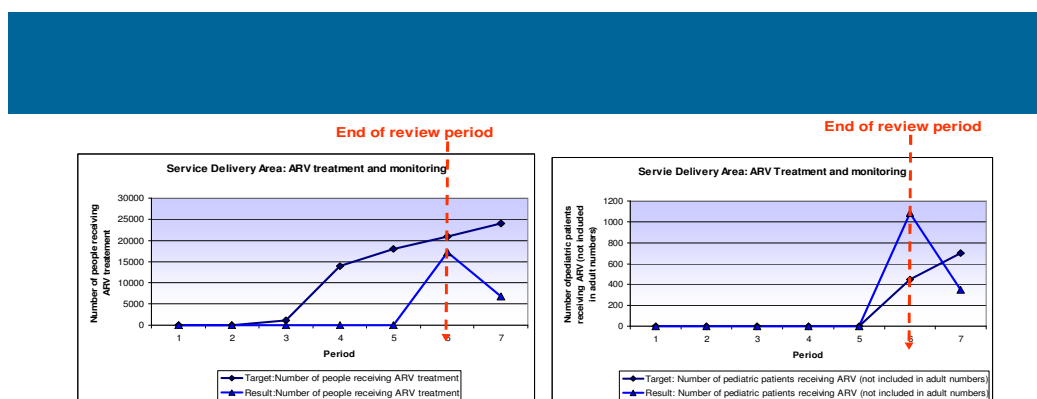
6. Second Board Objection cites recent improvements as rationale for “Conditional Go”, but significant variation regarding the future of the PR.

7. The Board voting patterns are as follows: first “No Go”- Objections were from one of the donor groups and four of the recipient groups with a total of five objections against 15 no objections. This was exactly the same situation in the second “No Go” although the donor groups were not the same and there were some changes in the recipient groups.

Part 5: Content Findings

1. Programmatic results:

- 1.1. There was non-achievement of some targets. For instance, of the 10 level 3 targets, 2 targets were met in both Q6 and Q7; 3 targets not met in Q6 but met in Q7; 5 targets have not been met neither in Q6 nor in Q7.
- 1.2. IRP find that for the most important ARV access targets, access to ARVs and drugs for OIs (women and babies) is zero as the drugs are not available. The ARV expansion grant objective has not been met since it has been achieved at less than 30%. It is worth noting that the pediatric ARV use indicators are not reported by the CCM that medications for opportunistic infections are not yet available.
- 1.3. Questionable reliability of data- Data quality has been acknowledged by all parties as a problem. Two data verification exercises in 2005 exposed the weaknesses of information, which appears to have been based on drug distribution to facilities rather than clients treated. Data have to be corrected. (see graph).
- 1.4. No adequate monitoring and evaluation system- accurate monitoring has been a problem for most of the grant period so far.



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2. Disbursement history and expenditures: The Secretariat has disbursed 63% of the PMTCT and 66% of the ARV expansion grant funds. According to the Secretariat, actual spending of this disbursed money is very low. Secretariat argues that only 23% of each grant has been spent (Q6)– or 55% and 46% of the disbursements to respectively the PMTCT and ARV grants (Q7). However, CCM does not accept Secretariat’s figures on expenditure - Secretariat includes disbursements and excludes expenditure in Q7. Including Q7, expenditure has been respectively 88% and 69% of the money disbursed to the PMTCT and ARV grants.

3. Financial and Program Management: All parties agree that the condition of computerized accounts was not met on time. Indeed the LFA reports of October 2005 stated that the CCM was still using a manual system.

4. **Governance:** Relationships, communication and performance of PR /CCM was initially poor. Remedial action and technical support was not mobilized before the end of Phase 2 in spite of warning. Plans for reforms developed in 2004 and CCM was reorganized for Round 5 processes. The democratic process within CCM highlighted improved performance in Q6 and change of PR in Round 5, a GIST arrangement is now being developed.

5. Program Environment:

- 5.1. The CCM reports that the program supporting environment has greatly improved, that gradual currency devaluation has not made a very significant impact on the project, and that democratization in Nigeria has led to expression of freedom including nationwide health worker strike and student unrest in several universities thereby affecting the smooth implementation of projects.
- 5.2. IRP concludes that even though the incidents cited above could constitute some inhibiting factors for programme implementation these are not considered major obstacles that would explain slow implementation.

Part 6: Conclusions

1. **Introduction:** The conflicting views are in summary that on the one hand Secretariat's Phase 2 Decision Making Panel judges the overall performance insufficient to justify further investment and progress in Q6 is not supported by evidence while on the other hand CCM and PR argue that after an admittedly slow start major progress was made in the last quarter after fundamental problems had been overcome. Therefore the case rests ultimately on the interpretation of PR and CCM claims that normal operation has been reached. The IRP addressed the following questions:
2. **Are targets met?** There is evidence of some recent improvement but 3 out of 5 "level 3" targets have still not been achieved or even started (e.g. treatment for opportunistic infections) even if data beyond phase 1 (Q7) is considered. The serious problem of data quality should have been reported earlier by the LFA but ultimate responsibility lies with CCM, PR and SR. Overall the PMTCT program is performing better than the ARV program.
3. **Is a Monitoring and Evaluation system in place and has a computerized accountings system been established?** The M&E and accounting systems are essential for PBF and should have been in place from the beginning. At the end of Phase 1, CCM claims that both are in place and functioning, although there is no evidence to back this claim. Evidence from LFA verified Q7 indicates that the computerized accounting system was not being used in October 2005.
4. **Was disbursement unacceptably delayed?** Slow or delayed disbursement in itself is not judged to be a sufficient reason for the inadequacy of the performance of the CCM because the project start date was adjusted to accommodate the timing of the first disbursement.
5. **Was the early warning adequate?** Very clear formal and informal early warning was communicated. Real reform efforts were however only triggered by the Secretariat's intent to recommend a "No Go" response to the Phase 2 funding request from CCM. The LFA verifications reports allude to the opinion that the issues raised would be addressed in subsequent Qs. CCM may thus have underestimated the gravity of the issues.
6. **Has the CCM initiated adequate reforms?** Management deficiencies were recognized early but decisive reforms were introduced late. Problem solving is governed more by compromise than by identified need. One example is the change of the PR for Round 5.

Part 7: Options for decision by the Board

3. "Conditional Go" for PMTCT grant which shows better performance in some coverage indicators but not governance. Discontinue funding for ART with continued funding for treatment under the current rules of the Board.

4. Discontinue ART and PMTCT, with continued funding for treatment under the current rules of the Board. Follow Secretariat's recommendation to use experience of R 1 for implementation of programme approved in R5.