

*Ref.: EECA/TV/072-04/2020*

1 May 2020

Dr. Irma Khonelidze  
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**Subject: GEO-H-NCDC: Performance Letter related to the Progress Update covering the period 1 July – 31 December 2019 and the Disbursement Request for the period 1 January - 31 December 2020 and a buffer up to 30 June 2021**

Dear Dr. Khonelidze

This letter presents the conclusions of the Global Fund's review of the Progress Report covering the last year of the implementation period from 1 July to 31 December 2019, which was prepared by the National Center for Disease Control and Public Health for the GEO-H-NCDC grant.

In addition, this letter presents the outcome of the Disbursement Request's review and the approved Annual Funding Decision along with disbursements schedule for the period 1 January – 31 December 2020 and for the buffer period 1 January – 30 June 2021.

## **A. Programmatic Performance**

The progress update covers the first six months of the new implementation period (1 July– 31 December 2019). The overall indicator rating is A2 with 97% average performance indicators achievement rate. The performance on a Workplan tracking measure is at B1 (67%) level.

For the coverage indicators, the program demonstrated good results for both coverage with the prevention package and testing for all groups – MSM, PWID, SW with the achievement rates ranging from 89% to 118%. Slightly lower achievement rate for testing indicators demonstrate the continued need to keep this component in focus. This should also contribute to the improvement of the cascade, which is lagging behind in the first 90%.

On health financing side and introduction of RBF - the governmental funding allocation for a number of activities previously funded by the Global Fund is a positive development. The introduction of the RBF model for PrEP provision should also give an impetus for RBF expansion. The Country team would like to underscore the importance of the national leadership of the process with a technical assistance provided through the Global Fund Strategic initiative playing the supportive advisory role.

On the reported impact/outcome indicators, Georgia demonstrates positive trends with decreased mortality and improved treatment adherence.

Please refer to Annex 1 for the Grant Rating.

## B. Financial Performance

During the reporting period 1 July – 31 December 2019, which is the first implementation period of the HIV grant, the program has utilized 72% of the six-month budget. Out of actual expenditures in the current period, 86% were spent by the Principal Recipient and 34% of funds were disbursed to SRs to support the provision of prevention services for key populations. Considering that this is the first period of grant implementation, the expenditures occurred during the reporting period are also cumulative.

The key reason for budget underspending in the reporting period and positive variance is mostly due to postponed activities to the next reporting period (2020) which include introduction of RBF model, self-testing activities, and PR's management activities including capacity building/trainings.

The Annual Financial Reporting (AFR), absorption stands at 78% which is in line with the program implementation and the underspending is mostly to activities postponed to the next reporting period and some savings. The commitments have been properly reflected in the AFR.

The PR's cash balance as of 31 December 2019 was USD 1,340,479 which mostly included commitments USD 160,192, Forex gains (USD 173,074 from cash outflows) and unspent cash balance from the previous grant which ended on 30 June 2019 (USD 882,812).

It is necessary to highlight that the PR has identified actual 2019 savings during the reporting period due to exchange rate and requested the Global Fund Secretariat on 29 April 2020 to use them for support of the country's COVID-19 response in line with the Global Fund COVID-19 response policy (USD 173,000). The request was approved by the Global Fund on 1 May 2020.

## C. GRANT MANAGEMENT ISSUES AND RECOMMENDATIONS

During review of the Progress Update/Disbursement we have not identified any major management issues, which should be addressed by the Principal Recipient.

## D. GRANT REQUIREMENTS

We acknowledge the progress made by the Principal Recipient completing four out five grant requirements. The following grant requirement is still in progress:

Grant Requirement	Status	GF comments
6.1. Transition Between Grants: 6.1.1 The Program budget in the Integrated Grant Description attached hereto as Schedule I reflects the total amount of Global Fund funding to be made available for the Program. The Program budget may be funded in part by grant funds disbursed to the Principal Recipient under a previous Grant Agreement, which the Global Fund has approved to be used for the Program under the current Grant Agreement ("Previously Disbursed Grant Funds"), as well as additional Grant Funds up to the amount set forth in Section 3.6 of the Grant Confirmation. Where the Global Fund has approved the use of Previously Disbursed Grant Funds, the Global Fund may reduce	In Progress	6.1.1 The PR has not yet received an Implementation Letter for the GEO-H-NCDC (IP2 ended 30 Jun 2019) Grant Closure subsequently authorizing the use the grant funds disbursed to the PR under the previous grant agreement for the new GEO-H NCDC (IP3- started 1 Jul 2019) grant. Therefore, this grant requirement is not considered as met.  The GF requested the PR to reflect the Final Closing Cash Balance of previous Grant as the Beginning Cash for present/first PU/DR of the GEO - H NCDC (IP3) grant.

<p>the amount of Grant Funds set forth in Section 3.6 of the Grant Confirmation by the amount of any Previously Disbursed Grant Funds, and the definition of Grant Funds set forth in Section 2.2 of the Global Fund Grant Regulations (2014) shall include any Previously Disbursed Grant Funds.</p> <p>6.1.2 All non-cash assets remaining under any previous Grant Agreements as of the start date of the Implementation Period shall be fully accounted for and duly documented ("Previous Program Assets"). Unless otherwise agreed with the Global Fund, the definition of Program Assets set forth in Section 2.2 of the Global Fund Grant Regulations (2014) shall include any Previous Program Assets.</p> <p>6.1.3 For the avoidance of doubt, except as explicitly set forth herein, nothing in the instant Grant Agreement shall impact the obligations of the Grantee and Principal Recipient under any previous Grant Agreement(s) (including, but not limited to, those concerning financial and other reporting).</p>		<p>We confirm that the amount of USD 882,812 - the previous GEO-H-NCDC (IP2 ended 30 Jun 2019) grant Final Cash Balance (as it is reported in the FCR for this grant at the Grant Closure period end date 30 Dec 2019) was fully reflected in the Opening Cash Balance for the new GEO-H NCDC (IP3- started on 1 Jul 2019) Grant.</p> <p>6.1.2 PR submitted to the GF the list of non-cash assets, remaining from the previous GEO-H-NCDC (IP2 ended 30 Jun 2019) grant at the time of new Grant Making process on 24 April 2019. The transfer process from IP2 to the IP3 (current IP) is considered as completed. It should be noted that the Principal Recipient submitted a request on 16 March 2020 to transfer STI diagnostic equipment that was partially procured under IP2 (the remaining items were procured under IP3) to the service provider following the transition of the STI component to the state funding from January 2020, and shared the CCM endorsement on 22 April 2020. The request is currently under the Global Fund review pending official approval.</p>
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## E. AUDIT REPORT

We note that the Global Fund approved the Principal Recipient's request to extend the GEO-H-NCDC grant first Audit period from 6 months to 18 months covering period from 1 July 2019 to 31 December 2020.

## F. ANNUAL FUNDING DECISION

The CT recommended total disbursement amount for the period 1 January 2020 – 30 June 2021 of **USD 2,800,079.69** was calculated as follows:

- (+) USD 3,227,484.86 - budget for January-December 2020.
- (+) USD 1,799,797.82 – buffer budget for January-June 2021
- (+) USD 148,575 - postponed cash outflows
- (+) USD 160,192 - commitments
- (+) USD 173,074 – realized 2019 FX gains
- (-) USD 8,763 - cash outflow paid for in prior period (in 2019)
- (-) USD 12,451 - VAT related to year 2019 (refundable)

**Total forecast: USD 5,487,909**

(-) USD 1,347,350.63 - Cash in transit to PR after the current reporting period (in 2020)

(-) USD 1,340,479 – PR's cash balance as of 31 Dec 2019

The total amount to be disbursed to the PR is USD 1,869,720.69 and USD 930,359 through Wambo. The amount of USD 1,869,720.69 will be disbursed to the PR through the following scheduled payments:

01/07/2020: USD 666,795.69

04/01/2021: USD 593,403.00

05/04/2021: USD 609,522.00

It should be noted that Forex gains accumulated in 2019 and envisaged for 2020 can be spent by the Principal Recipient only after application for Unfunded Quality Demand (UQD) or COVID-19 and upon receipt of the approval from the GF. Such approval of use of realized 2019 forex gain for COVID activities were received on 1 May 2020.

Once again, we would like to thank you for the commitment you undertook in leading this important effort to decreasing the burden of HIV/AIDS in Georgia.

My best regards,

*Tatiana Vinichenko*

Tatiana Vinichenko  
Senior Fund Portfolio Manager  
Eastern Europe and Central Asia

Cc: Alan Nabiev, Team Leader, UNOPS, Local Fund Agent  
CCM Members

Encl: Annex 1: Grant Rating Tool