AUDIT REPORT

Global Fund Grants in the Philippines

GF-OIG-21-013
22 October 2021
Geneva, Switzerland

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Office of the Inspector General

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1. Executive Summary

1.1 Opinion

The Philippines is moving closer to eliminating malaria by 2030, with only two of the country's 81 provinces reporting local transmission of the disease. Case notification outcomes for presumptive tuberculosis (TB) increased by 25% between 2017 and 2019. For HIV, however, success has been more modest. New infections increased by 214% from 2010 to 2018, and HIV deaths by 220% between 2010 and 2019.

To minimize COVID disruptions, the Global Fund introduced grant flexibilities and COVID-19 Response Mechanism (C19RM) funding for disease programs. Funds were provided in a timely manner and utilized effectively, with a high absorption rate. The malaria program has been least impacted by the pandemic. TB program performance began improving from Q3 of 2020, after a significant decline in Q2 of 2020. The HIV program experienced significant disruptions to prevention interventions. The adequacy and effectiveness of Global Fund support to respond to COVID-19 challenges are rated as **partially effective**.

While TB and HIV programs were generally achieving targets prior to COVID, there are risks in achieving meaningful impact due to programs not meeting the expected results at the national level. The Secretariat therefore needs to improve the design of grants and leverage their catalytic role. In particular, there is a need to: improve TB/MDR-TB screening and diagnosis, especially in the private sector; support interventions to address challenges in HIV and MDR-TB treatment initiation; improve follow-up of lost patients; and increase monitoring of MDR-TB and anti-retroviral treatment outcomes.

Despite the Global Fund projecting that the Philippines will become ineligible for malaria grant funding in the 2023-2025 grant cycle, and for all financing by 2028, the country is yet to prepare a comprehensive transition plan. The adequacy and effectiveness of grant design to ensure efficient and sustainable achievement of programmatic impact are rated as **partially effective**.

1.2 Key Achievements and Good Practices

Grant flexibilities and C19RM funds provided in a timely manner and utilized effectively
Grant flexibilities and C19RM (the Global Fund's COVID-19 Response Mechanism) funds disbursed in 2020 have been utilized effectively, with high absorption rates of 99% and 89%[1] respectively. Distribution of COVID-19 PPE and commodities has taken place largely on time, with minor delays but no disruptions.

Malaria and TB programs have alleviated the negative impact of COVID-19
The TB and malaria programs' adaptation plans ensured continuity of services and mitigated the effects of the pandemic. The Principal Recipient for the malaria program, Pilipinas Shell Foundation Incorporated (PSFI), leveraged Shell Corporation's transport facilities to deliver PPE and program supplies. PSFI also adapted insecticide-treated nets and indoor residual spraying campaign activities to follow COVID-19 protocols. The Philippines Business Social Protection (PBSP), Principal Recipient for the TB program, took several measures including: using laboratories designated for COVID-19 to test for MDR-TB; engaging field nurses and community volunteers for case-finding activities; and providing PPE to Specimen Transport Riders[2].

Increased Government investments across the three diseases
Domestic funding for HIV increased by 260% between 2018 and 2020, with an additional 50% increase committed for the current implementation period (2021-2023). Domestic funding for the malaria program has also progressively increased; the Government covered 52% of malaria funding needs during the 2018-2020 implementation period. The Government also took over the procurement and distribution of anti-malaria drugs, insecticide-treated nets and indoor residual spraying of households.

[1] Grant Flexibilities funds absorption: HIV - 101%; TB - 103%; and Malaria - 94%
[2] Specimen Transport Riders (STRiders) are motorcycle riders hired and trained on proper handling and transport of sputum samples from TB Directly Observed Therapy (DOT) centres/facilities and other treatment centres to TB diagnostic laboratories in the fastest possible time.

In the current implementation cycle, 79% of funding needs are anticipated to be financed through domestic resources. The Government is financing the procurement of first-line TB drugs, TB screening, and program management (from the Department of Health budget) as well as outpatient TB packages (from social health insurance).

1.3 Key Issues and Risks

Improvements needed to ensure HIV program gains are not eroded by the COVID-19 pandemic
COVID-19 control measures have created access barriers between the program and existing and potential clients, contributing to relatively low HIV program performance in 2020 and Q1 2021. The HIV Program did not develop and implement a comprehensive adaptive plan to ensure continuity of prevention interventions, including key population activities. While the Principal Recipient developed a catch-up plan for the second half of 2020, it lacks specific targets and timelines, and adapted activities are not costed.

Need for improved TB & MDR-TB case finding and management of treatment outcomes
While TB case notifications are increasing, TB continues to be among the top ten causes of death. Significant proportions of TB (32%) and MDR-TB (65%) cases are missing, and only 37% of new and relapse TB patients were tested with GeneXpert machines in 2019. There are gaps in the design and implementation of TB/MDR-TB screening and diagnosis, especially in the private sector, and low utilization of GeneXpert machines and limitations in monitoring resistance to second-line TB drugs.

Linkage to HIV treatment and monitoring of treatment outcomes need improvement
For HIV, the Global Fund mainly funds the first 90 of the UNAIDS 90-90-90 target[3]. Programs were generally achieving good results before the COVID-19 pandemic. However, the country as a whole is far from reaching the 90-90-90 target, achieving 72-60-17 and 68-61-17 in 2019 and 2020 respectively. The low performance of the second and third 90s in the HIV cascade poses risk to the success of the grant and the gains made so far.

Transition arrangements for malaria program could be improved to ensure sustainability of key interventions
The Global Fund projects that by 2028[4], the Philippines will move to Upper-Middle Income status, with a low disease burden for malaria, making it ineligible for future allocations. The malaria component may therefore be eligible for transition funding in the 2023-2025 allocation period.[5] Despite this, a comprehensive transition plan is yet to be developed to guide the transition efforts of key stakeholders.

1.4 Objectives, Ratings and Scope

The audit's overall objective was to provide reasonable assurance on the adequacy, effectiveness, and efficiency of Global Fund Grants in the Philippines. Specifically, the audit assessed:

Objective	Rating	Scope and Methodology
Global Fund support, including grant flexibilities and C19RM funds, to address COVID-19 challenges in maintaining or scaling up disease program achievements.	**Partially effective**	**Audit period:** January 2019 to March 2021 **Grants and Implementers**: NFM2 and NFM3 grants implemented by Save the Children International (HIV grant), the Philippines Business Social Protection (TB grant) and The Pilipinas Shell Foundation Inc. (Malaria grant). Remote auditing methodology and techniques were deployed where necessary to perform the audit.
Grant design to ensure efficient and sustainable achievement of program impact, focusing on: • Adequacy and effectiveness of funded TB and HIV interventions to achieve impact • Approach in anticipation of transition to ensure sustainability of key interventions	**Partially effective**	

The auditors interacted with seven health facilities at central and sub-national levels and held regular virtual meetings with staff from the National Disease programs, Principal Recipients, two sub-recipients, health facilities and development and technical partners in the Philippines. Details about the general audit rating classification can be found in Annex A.

[3] 90% of all people living with HIV will know their HIV status, 90% of all people with diagnosed HIV infection will receive sustained antiretroviral therapy, 90% of all people receiving antiretroviral therapy will have viral suppression.
[4] Projected transitions from Global Fund country allocations by 2028: projections by component (https://www.theglobalfund.org/media/9017/core_projectedtransitionsby2028_list_en.pdf)
[5] Sustainability, Transition and Co-Finance Guidance Note

2. Background and Context

2.1 Overall Context

The Philippines is split into 17 regions, 81 provinces, 146 cities and 1,488 municipalities. Public health care delivery is decentralized, managed by the Department of Health and implemented by Local Government Units (LGUs). The private sector is a key player in delivering health care services in the country.

A lower middle-income country, the Philippines is one of Asia's fastest growing economies, with GDP growth of 6% in 2019.[6] The national budget for health has risen significantly in recent years, increasing by 230% between 2013 and 2020.[7] A "War on Drugs" policy[8] has had significant impact on the HIV program for people who inject drugs.

In 2019, the Universal Health Care (UHC) Act[9] was passed to ensure all citizens could access a comprehensive health service without financial hardship, and to address recurring problems such as an under-equipped health workforce. The COVID-19 pandemic has delayed the UHC roll-out, which is now expected to launch in 58 sites in 2021.

From 2022, LGUs[10] will have more financial and implementation autonomy and receive 60% of health budget allocations. LGUs will henceforth deploy human resources, procure medicines and implement health services. Detailed planning on final implementation is being discussed at the Department of Health.

- **Population:** 109 million
- **GDP per capita:** US$3,850 (2020)
- **UNDP Human Development Index:** 107 of 189 (2020)
- **TI Corruption Perception Index:** 115 of 179 (2020)
- **Percentage of GDP spent on health:** 4.4% (2018)

2.2 COVID-19 situation

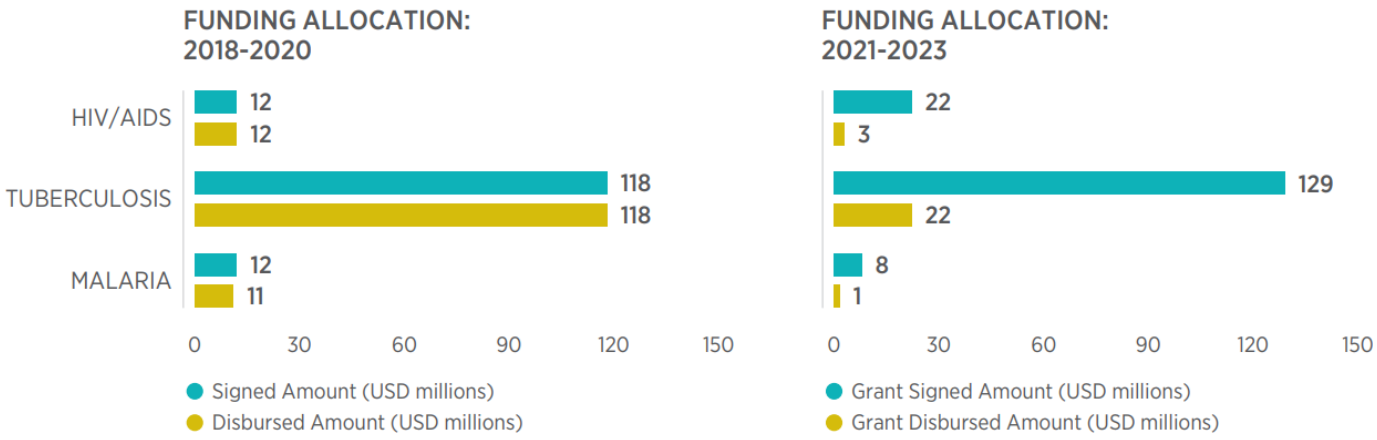
The Philippines was one of the first countries to go into lockdown. Starting in March 2020, the country took strict measures to halt the spread of the virus, such as stay-at-home orders. Measures have since been alternately loosened and tightened as the government has strived to balance restricting the spread of the virus with spurring economic activity. On September 1st 2021, the Department of Health announced that COVID-19 cases in the country had breached the two-million mark, and that more than 33,500 had died from the virus.[11] As of August 26, 2021, the Philippines had administered almost 32 million jabs and fully vaccinated 13.5M individuals.[12]

2.3 Global Fund Grants in the Philippines

Since 2003, the Global Fund has disbursed US$655 million to the Philippines, of which US$142 million and US$159 million were for the 2018-2020 and 2021-2023 funding cycles respectively. Full details on the Philippines grants can be found at the Global Fund's Data Explorer. For 2018-2020, three Principal Recipients managed the grants: Save the Children International (HIV grant); Philippines Business for Social Protection (TB grant); and Pilipinas Shell Foundation Incorporated (Malaria grant). For the 2021-2023 allocation cycle, Philippines Business for Social Protection is managing the TB grant, and the Malaria and HIV grants are being managed by the Pilipinas Shell Foundation Incorporated.

[6] World Bank Data (2019) – GDP growth (annual%)- Philippines
[7] The USD amount is from 1 Billion in 2013 to 3.5 Billion in 2020
[8] Pre-Trial Chamber 1, International Criminal Court, ICC-01/21, June 2021 (https://www.icc-cpi.int/CourtRecords/CR2021_05381.PDF)
[9] Universal Health Care (UHC) Act (Republic Act No. 11223 of 2018) in February 2019.
[10] Mandanas ruling (Executive order No. 138 Full devolution of certain functions to local governments, creating a committee on devolution and other purposes).
[11] http://www.xinhuanet.com/english/asiapacific/2021-09/01/c_1310161751_2.htm
[12] https://doh.gov.ph/press-releases, 28 August 2021

Funding allocations, prior and current funding cycles (as of March 2021)



Source: Global Fund Data Explorer

2.4 The Three Diseases

HIV/AIDS

97,000 people living with HIV, of whom 68% know their status. Among identified PLHIV, 61% were on treatment and 17% had viral load suppressed in 2020.[13]

Annual infections have increased by 203% since 2010, with 16,000 new infections in 2020.[14]

AIDS-related deaths increased from 1,000 in 2010 to 1,600 in 2019.[15]

MALARIA

Incidence rate declined to 0.2/100,000 people at risk in 2018 from 3.5/100,000 in 2004. As of 2020, only two of the 81 provinces of the country reported local transmission of malaria.[16]

Over 2.8 million **insecticide-treated nets distributed** between 2016 and 2020.

The malaria burden has significantly decreased from a peak of 50,850 reported cases in 2004 to less than 6,000 cases in 2019.

TUBERCULOSIS

One of eight countries accounting for two-thirds of the global TB burden (2019 data), with **6% of all TB cases worldwide.**[17]

24% increase in TB case notification from 328,773 in 2017 to 403,757 in 2019. 62% of est. 599,000 TB cases were notified in 2019.

No significant change in estimated TB incidence over the last decade.

TB treatment success rate was 83% for new cases in 2018, **down from 91%** in 2010.

In 2019, only 6,169 of the est. 21,000 MDR-TB cases were put on treatment. **65% of MDR/RR-TB cases are missing** (est.).

[13] UNAIDS data 2020
[14] Philippines HIV Joint Program Review 2019, Data from the National STD/AIDS Control Programme (NSACP)
[15] idem
[16] Philippines Malaria Joint Program Review 2019, Data from National Malaria Elimination and Control Program data and Global Fund Progress Updates 2019 and 2020 (source of data for the malaria information in the table above).
[17] Global TB Report, 2019 and Philippines TB Joint Program Review 2019 (source of data for the TB information in the table above)

3. Portfolio Risk and Performance Snapshot

3.1 Portfolio Performance

Historically, Global Fund grants in the Philippines have performed well against targets, as shown below.

GLOBAL FUND GRANTS IN THE PHILIPPINES							GRANT RATING				
Component	Grant	Principal Recipient	Grant Start Date	Grant End Date	Grant Signed Amount (USD)	Absorption June 2020 (%)	Dec. 2018	Jun. 2019	Dec. 2019	Jun. 2020	Dec. 2020
HIV/AIDS	PHL-H-SC	Save the Children	01.01.18	31.12.20	11'920'940	93%	A2	A2	A2	B2	B2
TB	PHL-T-PBSP	Philippines Business for Social Protection	01.01.18	31.12.20	118'202'343	100%	A2	B1	A2	B1	B1
Malaria	PHL-M-PSFI	Pilipinas Shell Foundation Incorporated	01.01.18	31.12.20	11'587'984	94%	A2	A1	A1	B1	A2
TOTAL					141'711'267	89%					

3.2 Risk Appetite

The OIG compared the Secretariat's aggregated assessed risk levels of the key risk categories covered in the audit objectives for the Philippines portfolio with the residual risk that exists based on OIG's assessment, mapping risks to specific audit findings. The full risk appetite methodology and explanation of differences are detailed in Annex B.

. Audit areas	Risk category	Secretariat aggregated assessed risk level	Assessed residual risk, based on audit results	Relevant audit issues
COVID's impact on program implementation	Program Quality - HIV	**High**	**High**	Finding 4.1
Adequacy and effectiveness of TB and HIV interventions	Program Quality - TB	**High**	**High**	Finding 4.2
	Program Quality - HIV	**High**	**High**	Finding 4.3
Approach in anticipation of transition to ensure sustainability	In-country governance	**Low**	**Moderate**	Finding 4.4

4. Findings

4.1 A comprehensive plan is needed to ensure HIV program gains are not eroded as a result of COVID-19

Measures to mitigate COVID-19's impact on TB and malaria programs have resulted in program achievements stabilizing, following initial disruptions. The delivery of HIV prevention programs has however been significantly disrupted.

The Philippines obtained C19RM and grant flexibility funds from the Global Fund in a timely manner and utilized them effectively, with high absorption rates of 89% for C19RM and 99% for grant flexibilities across the three diseases. The country developed and implemented comprehensive adaptation and catch-up plans for the TB and malaria programs, to ensure continuity of services and mitigate the effects of COVID-19. These plans have contributed positively to both disease programs.

TB programs, which were severely impacted in the early days of COVID-19, started to stabilize from Q3 2020, as shown in *Figures 1a and 1b*. The malaria grant also performed well in 2020, having recovered from COVID disruptions quickly *(Figure 2)*. Key activities including insecticide-treated net distribution and indoor residual spraying continued during the pandemic. The Principal Recipient leveraged Shell Corporation's transport facilities to deliver Personal Protective Equipment and program supplies at the start of the pandemic, when other options were unavailable.

Figures 1a and 1b: Impact of pandemic on TB programs (Source: Department of Health Epidemiology Bureau)

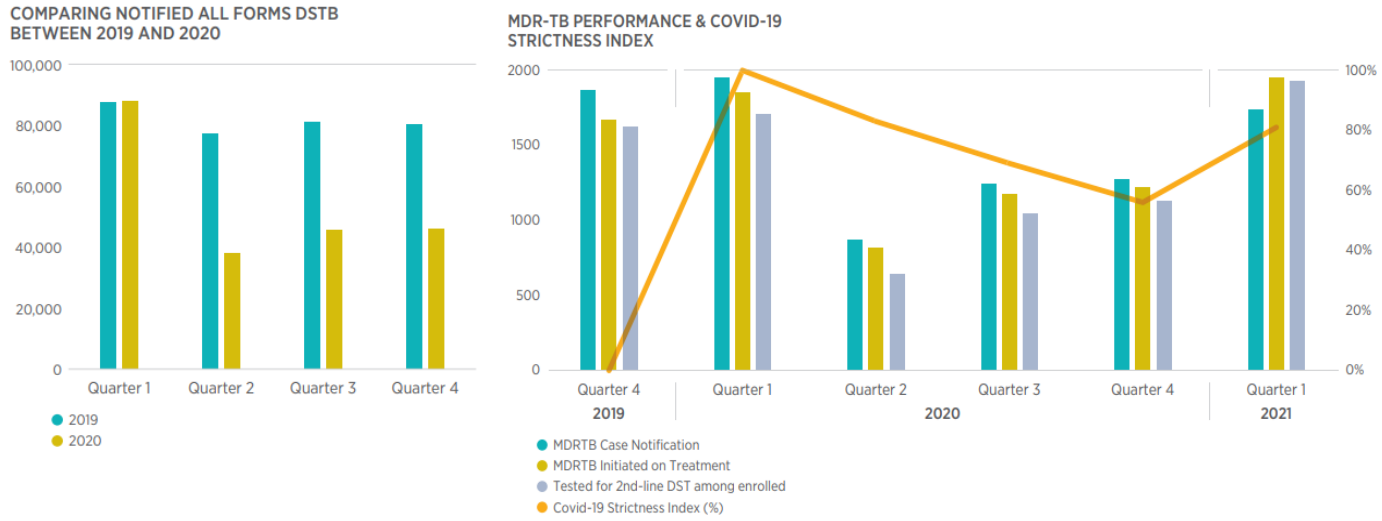
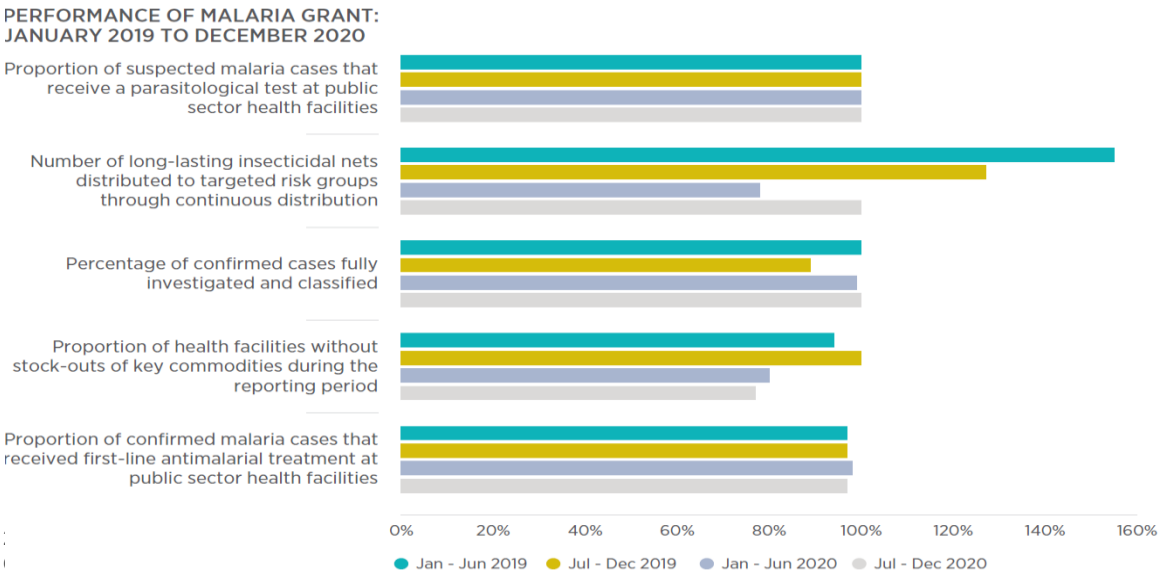


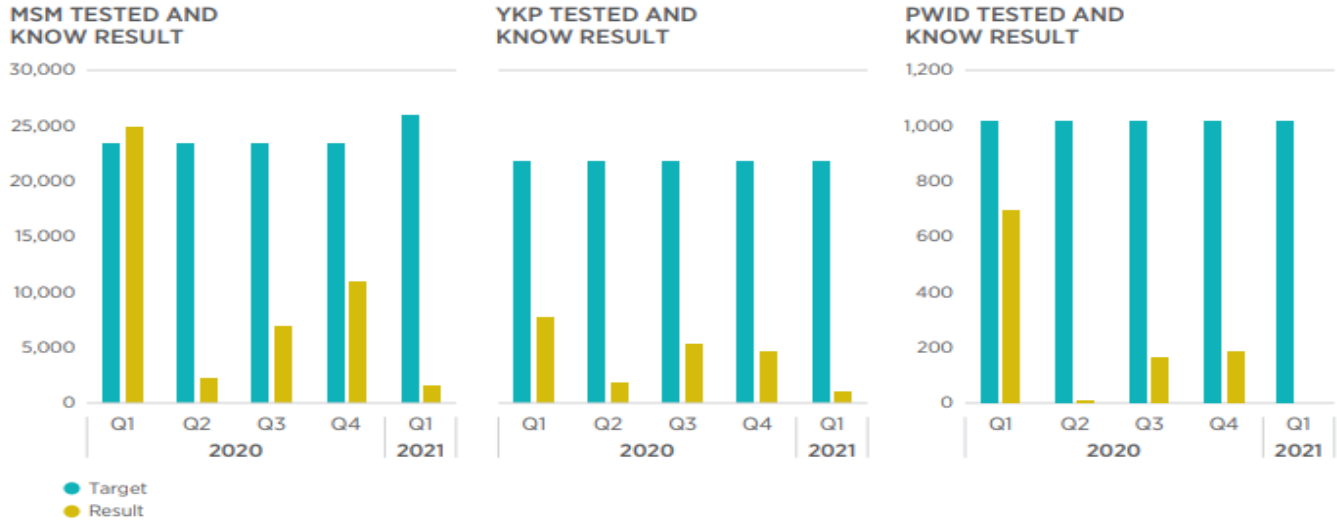
Figure 2: Global Fund-supported malaria program achievements (not National results) Source: PR's dashboard



The HIV program has been heavily impacted by the pandemic. Government measures to control the spread of COVID-19 created access barriers between the Principal Recipient and target clients, including key populations. Restrictions on social gatherings (including closing schools for 365 days, restricting gatherings for 343 days and restricting public events for 401 days) and on internal movement affected key population and young people interventions. Key population groups were not able to access clinics, health facilities and other prevention interventions. The restrictions also hindered people living with HIV from accessing treatment centres. Based on our calculations, there was no access to prisons for 401 days, which affected programs targeting men who have sex with men, and injecting drug users.

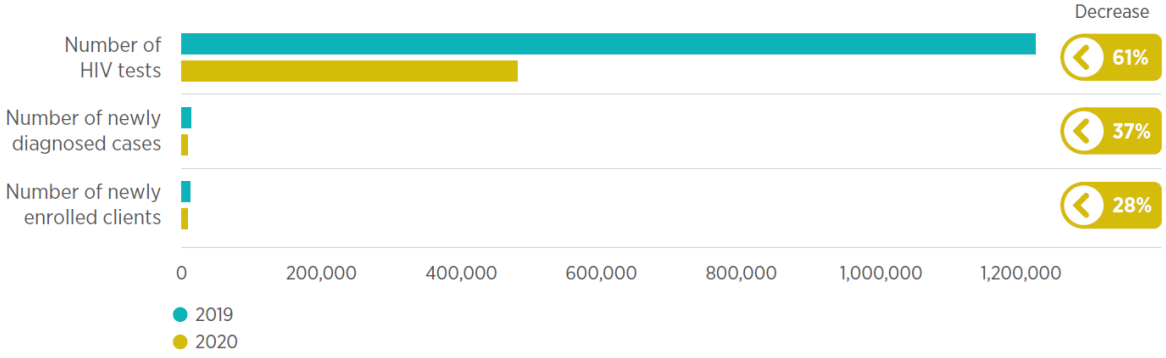
While Department of Health guidelines on the continuity of HIV services were issued in July 2020, at the time of the audit the country had not developed a comprehensive plan to guide continuity of key HIV services during the pandemic. A contributing factor was the reassignment of the Department's HIV Coordinator, who would have overseen the development and implementation of the adaptive plan, to work on the national COVID-19 response.[18,19] HIV prevention interventions delivered through community health workers were severely impacted, as revealed in the graphs below regarding men who have sex with men (MSM), young key populations (YKP) and people who inject drugs (PWID).

Figure 3: Global Fund-supported HIV program achievements (not National figures) Source: PR's dashboard



The HIV treatment program was also impacted. During 2020, an average of 52% of the 51 HIV treatment hubs were inactive as they either closed or refocused to cover only COVID-19.[20] COVID-induced limitations to community-based screening and testing also affected the number of people initiated on treatment. Closure of some rapid HIV diagnostic testing sites contributed to delays in initiating patients on treatment, as samples had to be transported over long distances to Manila. The graph below summarizes COVID-19's impact on key components of the HIV program.

Figure 4: Impact of COVID-19 on HIV Epidemic, diagnosis, and treatment (Source: NHSSS Epidemiology Bureau, NDOH)



[18] An adaptation plan (the terms used by the country) for the (i) guidelines for operating within the COVID-19 context, (ii) measures required of the different actors and (iii) costing of the measures. The adaptive plan would have provided solutions to the shortcomings identified by NDOH and partners during the rapid assessments.

[19] A new coordinator was appointed in March 2021, and will oversee the development and implementation of the detailed adaptive plan

20 HIV Treatment Hubs Reporting – HMIS Data.

The drop in program performance, coupled with a high level of risk behavior, contributed to a rise in the annual rate of new infections from 10% to 21% between 2019 and 2020.[21] The number of new HIV infections is estimated to triple to 331,600 by 2030 if COVID-19 trends do not reverse.[22]

If COVID-19 trends do not reverse, new HIV infections may triple by 2030.

The Principal Recipient's catch-up plan[23] for the second semester of 2020 was insufficient. There are gaps in the workplan; there are no specific timelines or responsibilities, including for sub-recipients, and adapted activities are not costed. In the absence of specific activities, the catch-up plan could not be cascaded to the four grant sub-recipients or monitored for implementation.

A change in the grant Principal Recipient in Q1 2021 contributed to disruptions in program supervision and HIV services, as shown in *Figure 3*. The new Principal Recipient needed time to recruit, orient and deploy program personnel, such as focal points for people who inject drugs and for the transgender community.

The OIG has agreed not to issue an agreed management action for this finding. Since our audit fieldwork in June 2021, the country developed an HIV adaptative plan in August 2021. In addition, the Secretariat committed as part of the agreed management action for the OIG audit of the Continuity and Oversight of Country Programs during the COVID-19 pandemic to build on COVID monitoring tools to focus efforts on monitoring gaps to target and drive program adaptations, and to provide a strategic steer to respond to interventions significantly impacted by COVID-19.[24]

[21] Impact of COVID-19 to the Philippine HIV Epidemic Assessment (2021) by Epidemiology Bureau, Department of Health
[22] ibid
[23] The plan included activities to continue outreach, testing and other service delivery activities
[24] Audit of Continuity and Oversight of Country Programs during the COVID-19 Pandemic, 2021 (GF-01G-21-010)

4.2 Stronger TB & MDR-TB management is required to improve notification and treatment

While TB case notifications are increasing, a significant proportion of cases are missing. There are gaps in the design and implementation of screening and diagnosis, especially in the private sector. There is low utilization of GeneXpert machines, and limited monitoring of resistance to second-line TB drugs.

Between 2017 and 2019, TB case notification outcomes rose by 25% from 326,773 to 409,167, aided by a rise in screening interventions and the introduction of mandatory notification from the private sector.[25] 20% of cases were notified from the private sector in 2019, up from 10% in 2018.[26] The Global Fund has introduced differentiated TB case finding approaches and interventions[27] in three regions[28], and is using specimen transporters for TB and HIV programs.

Despite these efforts, 32% and 65% of patients with drug sensitive TB and MDR-TB respectively remain untraced.[29] In addition, only 37% of new and relapse TB patients were tested with GeneXpert in 2019.[30] In 2019, the Philippines had the highest TB incidence in Asia, with 554 cases per 100,000 people[31]. The disease remains among the top ten causes of death nationally.[32] The country will not be able to achieve the 2030 mission if issues around decentralized planning and target setting, public private mix, the use of GeneXpert machines and case management are not addressed.

Planning and target setting for case finding interventions could be enhanced

Local Government Units (LGUs) are empowered to deliver basic health services, and to manage health financing and human resources. Consultative workshops are held with the LGUs during program planning in determining case notification targets. This audit however noted insufficient planning and target setting for case finding interventions. While sub-national planning workshops are held to discuss targets, these have not translated into concrete plans with provincial and LGU-specific targets. As a consequence, discrepancies were noted between targets set by the National Program and LGUs' targets, including the case finding interventions needed by each LGU to achieve the target. LGU involvement in target setting is critical, given the shift in responsibilities from central to local levels.

Inadequate TB screening and diagnosis strategy for Public/Private Mix

33% of people consulting a healthcare worker for TB symptoms seek care at private health facilities,[33] and 95% of notified TB cases are clinically diagnosed in the private sector. A detailed approach has not yet been developed to respond to the Global Fund's Technical Review Panel's request to expand rapid molecular testing and application of digital tools within the private sector. Despite GeneXpert being the recommended primary diagnostic tool due to its speed and accuracy, there is over-reliance on chest X-ray diagnosis. There is no expansion plan for GeneXpert machines to the private sector,[34] and the specimen transport mechanism (STRiders) is not used to link private facilities with GeneXpert sites in public health facilities. Contact screening is not part of the public-private mix intervention package.

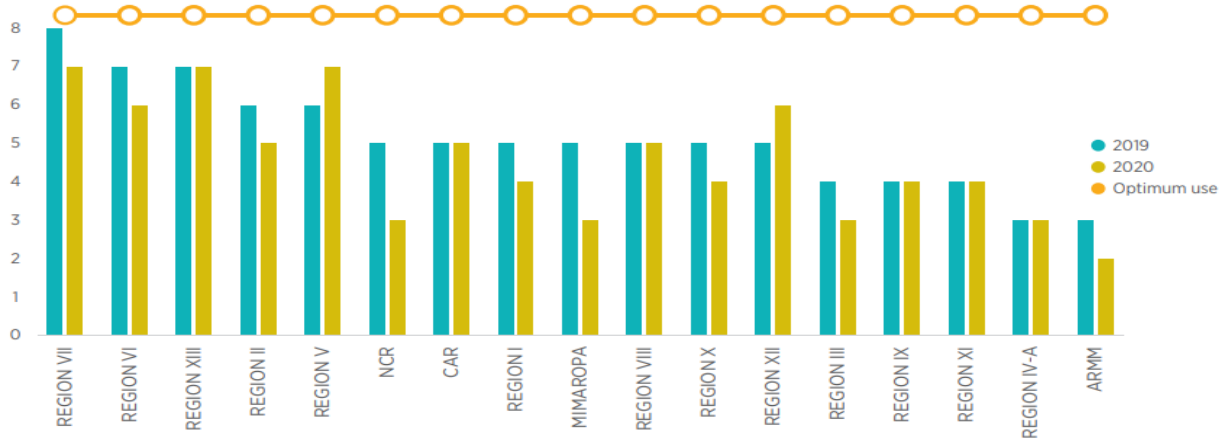
Improvement needed to scale up GeneXpert testing

While the number of Global Fund-procured GeneXpert machines increased by 76% from 347 in 2017 to 611[35] in 2020, their use is not optimum.[36] The country introduced GeneXpert as the primary diagnosis tool for all presumptive TB patients in January 2020,[37] although COVID disruptions meant that socialization of the new protocol only started in December 2020. Stock-outs of cartridges in the first semester of 2019 and manpower shortages at GeneXpert sites also contributed to low utilization of the machines. Monitoring of GeneXpert utilization data has not been effective.

[25] Philippines TB Joint Program Review (2019) and WHO database for Philippines TB Profile 2019
[26] Ibid for mandatory notification
[27] The PR implemented four TB case finding approaches: (i) Active (community-based mass screening), (ii) Enhanced (community referrals), (iii) Intensified (facility-based provision of Chest X-Ray vouchers), (iv) Contacts investigation. These are being expanded to the national level.
[28] National Capital Region (NCR), Region 3 (Central Luzon) and Region 4A (Calabarzon)
[29] WHO Global Tuberculosis Report 2020 (https://www.who.int/publications/i/item/9789240013131)
[30] ibid
[31] https://doh.gov.ph/press-release/DECLINE-IN-REPORTED-TB-CASES-AN-EFFECT-OF-THE-PANDEMIC-DOH
[32] http://www.healthdata.org/Philippines
[33] National TB Prevalence Survey 2016
[34] Initiatives such as the "private sector consortium" is providing access to subsidized GeneXpert within the private sector for about USD 45 per test.
[35] Out of the 611 machines procured by Global Fund, 497 machines have been installed on site and the remaining 114 are yet to be installed (PR data).
[36] The capacity of the GeneXpert machines is to run between 8 – 12 tests per day. We used 8 tests as the benchmark for our analysis
[37] The delay on the utilization of GeneXpert as primary diagnosis tool is attributed to the limited availability of GeneXpert cartridges.

Data from the machines is manually recorded and collated, which can result in inaccuracies and delays in data collection. The GeneXpert optimization plan is fragmented; it mainly covers TB and does not consider the use of GeneXpert machines for HIV Viral Load and COVID-19 testing needs.

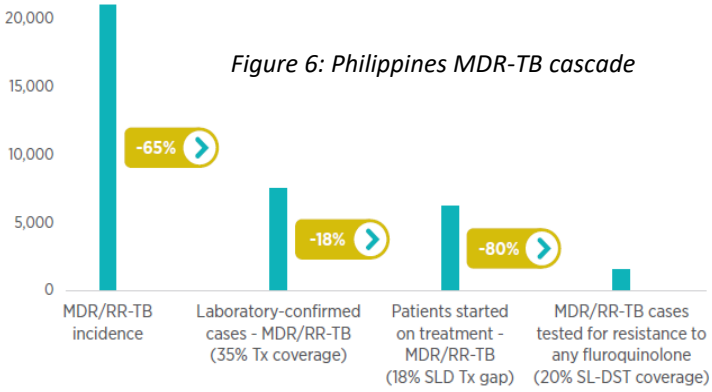
Figure 5: Average GeneXpert workload (Specimens per day)



Inadequate case management for improving MDR-TB treatment outcomes/adherence

The WHO estimates that 65% of MDR-TB cases go undiagnosed. The treatment success rate among MDR-TB patients increased from 58% for the 2017 cohort to 72% for the 2018 cohort, but remains lower than the national target of 85%. 20% of the 2018 cohort are lost for follow-up and 18% of people with MDR-TB are not enrolled on treatment.[38] 80% of MDR/RR-TB cases are not tested for resistance to second-line anti-TB drugs (SL-LPA[39]).

Figure 6: Philippines MDR-TB cascade



Only three laboratories can test for resistance to SL-LPA, two of which are used exclusively for COVID-19 testing. This restricts clinical decisions regarding treatment[40] and creates long turn-around times for results (up to six months). The 2021-23 grant planned to support the establishment of two additional testing centers. However, with the introduction of Xpert XDR in the country,[41] the Principal Recipient is planning to reallocate the funds to procure additional Xpert XDR equipment (one per region). Lack of integration of the laboratory information system into the Integrated Tuberculosis Information System (IT IS) also contributes to delays in sending laboratory results to providers.

To boost treatment adherence, the country is scaling up the use of all-oral regimens for medication. WHO is providing technical support to adjust the MDR-TB treatment regimen, which should improve management of adverse drug reactions of the oral regimens. The Department of Health is planning to conduct an audit of all MDR-TB deaths to define factors associated with mortality. Its findings will be used to improve MDR-TB case management.

Agreed Management Action 1:
The Secretariat will support the PR, the National TB Program (NTP), and technical partners (deemed necessary by the NTP), to develop an Optimization Plan for rapid molecular diagnostic tools (RMDTs) to strengthen systems for monitoring GeneXpert utilization data.
OWNER: Head of Grant Management Division
DUE DATE: 30 September 2022

[38] WHO Global Tuberculosis Report 2020 (https://www.who.int/publications/i/item/9789240013131)
[39] A rapid diagnostic test – a line probe assay to detect resistance to second-line anti-TB drugs
[40] Detection of any second-line resistance by the SL-LPA means that MDR-TB patients should not be enrolled on the shorter regimen as this could jeopardise their treatment outcome and lead to the development of XDR-TB (source: https://www.who.int/tb/publications/factsheet_tb_sllpa.pdf)
[41] WHO has already purchased five Xpert XDR (Extensively drug resistant) machines to help the country to address limitation in the number of laboratory that can perform the second line anti TB Drugs resistance. XDR machine allows faster time to diagnose drug resistance TB cases and fast results (<90 minutes)

Agreed Management Action 2:
The Secretariat will support the PR, the National TB Program (NTP), and technical partners (deemed necessary by the NTP), to develop a plan to improve data analysis, use and planning to increase case finding at the regional, province and LGU levels.
OWNER: Head of Grant Management Division
DUE DATE: 30 June 2022

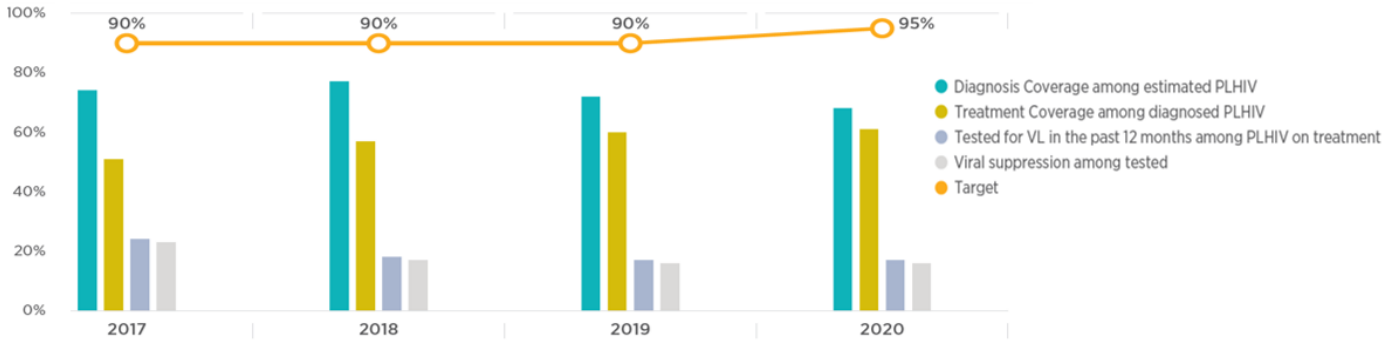
4.3 Need for better linkage between HIV treatment and monitoring of treatment outcomes

HIV prevention interventions were generally achieving good results before the COVID-19 pandemic. Treatment enrolment and monitoring, however, are not achieving the expected results, mainly due to challenges with linkage between treatment, tracking of treatment adherence, and follow-up of lost patients.

The Philippines has one of the fastest growing HIV epidemics in Asia and the Pacific, and is one of eight countries that account for more than 85% of new HIV infections in the region.[42] New infections increased by 214% from 2010 to 2018,[43] and the country witnessed a 220% increase in HIV deaths between 2010 and 2019.

Global Fund HIV investments focus on prevention activities for key and high-risk populations including men who have sex with men (MSM), the transgender community, people who inject drugs (PWID) and young key populations. Prior to COVID-19, the grant was generally performing well against programmatic targets, although this was not the case for treatment interventions and viral load monitoring, which are mainly supported by the Government. The low performance of the 2nd and 3rd 90s in the HIV cascade[44] threatens the success of the grant and the gains made so far.

Figure 7: Philippines HIV Cascade: 2017-2020



Source: National Joint HIV Program Review Philippine (for 2017 - 2019) and AIDS Epidemic Model (Epidemiology Bureau) for 2020 data

Low linkage to treatment and inadequate follow-up of lost patients

During the 2017-2019 grant period, the number of key populations reached and tested was over 80% of the target. However, only 63% and 41% of those testing positive were enrolled on treatment in 2019 and 2020 respectively. The contributing factors of the low linkage to treatment and high loss to follow-up include:

Gaps in the treatment referral system: The mandate of outreach workers/peer navigators ends when they refer a person to test, while case managers' mandates start only after anti-retroviral treatment initiation. There is no support between testing and anti-retroviral treatment initiation, or a system to track patients from diagnosis to treatment initiation, making it difficult to track patients who are not initiated on treatment. 36% and 61% of men who have sex with men who tested HIV positive in 2019 and 2020 were not put on treatment.[45] Roles and responsibilities regarding who should ensure HIV-positive clients are enrolled on anti-retroviral treatment are not clear. Specific targets have not been assigned to case managers or peer navigators to ensure effective linkage under the 2021-2023 grant.

Insufficient management of treatment adherence and Lost to Follow Up monitoring: The Global Fund supports 74 case managers across various Social Hygiene Clinics to monitor patients' anti-retroviral therapy enrollment and treatment adherence.[46] Ideally, one case manager should support no more than 20 clients to be effective. However, due to

[42] Department of Health (Philippines) official website March 2021 https://doh.gov.ph/node/10649 (Accessed 15 June 2021)
[43] UNAIDS Data 2019
[44] UNAIDS 90-90-90 = 90% of all people living with HIV will know their status, 90% of all people diagnosed HIV infection will receive sustainable antiretroviral therapy, 90% of all people receiving antiretroviral therapy will have viral suppression. As of 2019, the Global cascade result is 81%, 67% and 59% (https://www.unaids.org/en/resources/presscentre/featurestories/2020/september/20200921_90-90-90) (Accessed 11 May 2021)
[45] PR's dashboard; GF supported program achievements (not National level)
[46] Currently, there are 74 case managers supported by the grant, this number will reduce to 50 case managers by the end of NFM 3. Under C19RM Funding for 2021-2023, 24 additional case managers will be deployed in high burden sites.

limited resources, the OIG noted that a case manager was assigned 40 clients. No needs assessment/gap analysis has been conducted to understand the number of case managers needed nationally to ensure an effective response.[47]

Recording and tracking of patients lost to follow-up is mainly done manually. This makes it difficult to routinely and easily identify patients lost to follow-up, in order to provide the necessary support. The Department of Health is rolling out an online health information system (OHASIS[48]) for the HIV program, expected to be done by the end of 2021. OHASIS is an electronic real-time medical record that will be used to track and monitor patients' progress.

Improvement needed in implementing the "Treat All" policy: According to this policy, people living with HIV are supposed to be initiated on treatment within seven days following diagnosis. Although the policy was adopted in July 2019, it is yet to be fully implemented by all treatment hubs. As noted in the 2019 National Joint Program Review, some facilities still require additional laboratory testing before initiating clients on anti-retroviral therapy.[49] The Department of Health has no mechanism to track facilities that are yet to fully adopt the policy. The Department of Health hopes to better monitor this issue with the implementation of OHASIS.

Sub-optimal monitoring of anti-retroviral treatment outcomes

The Philippines has adopted WHO guidelines for using viral load testing to monitor treatment efficacy. Although viral suppression is high (at 96% in 2019) for clients that have been tested, viral load monitoring is very low, with testing coverage of 17%. Low viral load monitoring increases the risks of higher mortality and drug resistance. According to WHO, for each additional month of delay in taking the first viral load test, the risk of virological failure increases by 9% and the risk of treatment switching increases by 14%.[50]

Prior to COVID-19, the Department of Health developed an implementation plan for scaling up routine HIV viral load monitoring[51] and assessed the availability and capacity of GeneXpert machines. Based on this assessment, GeneXpert machines were considered adequate to perform viral load testing, and the Department of Health issued an Administrative Order to allow the HIV program to use GeneXpert machines for this purpose.[52] However as mentioned in Finding 4.2, the GeneXpert optimization plan does not consider the use of these machines for viral load testing.

TB and HIV testing optimisation plans are not coordinated, and delays in procurement and distribution of viral load cartridges contributed to the low viral load testing coverage, with cartridges arriving at health facilities with short expiry dates (six months).

Agreed Management Action 3:
The Secretariat will support the PR and NASPCP, in coordination with WHO, UNAIDS and other technical partners (as deemed necessary by NASPCP), to review the roles and responsibilities of HIV Case Managers to ensure effective linkage of HIV+ patients from testing to enrolment on treatment. To address gaps in linkage between the First and Second 90, the Secretariat will work with the PR, NASPCP, WHO, UNAIDS, and other technical partners to develop a scale-up plan for Rapid HIV Diagnostic Algorithm (rHIVda).
OWNER: Head of Grant Management Division
DUE DATE: 31 March 2022

[47] The total number of case managers funded by DoH is 75 staff and the number of case managers funded by the respective LGUs are unknown.
[48] OHASIS is an acronym for One HIV, AIDS and STI Information System
[49] National Joint HIV Program Review Philippine 2019
[50] WHO HIV testing guidelines, 2011
[51] National Implementation Plan for Scaling Up Routine HIV Viral Load Monitoring dated November 2020.
[52] Administration Order No. 2019 – 0077 Guidelines on the Distribution and Use of Point of Care Viral Load Test using Nucleic Acid Test Principles dated 4 February 2019

4.4 Transition arrangements for the malaria program could be improved to ensure the sustainability of key interventions

With the country moving towards eliminating the disease, the malaria grant may be eligible for transition funding in the 2023-2025 allocation period. Despite the efforts made in preparing for transition, a comprehensive transition plan has not been developed to guide the process. Similarly, across the three diseases, a comprehensive capacity building plan at the national and local government unit levels is yet to be developed.

Since 2003, the Philippines has made great progress in the fight against malaria. The country has ensured high coverage of effective malaria control interventions such as insecticide-treated nets and indoor spraying with insecticides. As a result, only two of the country's 81 provinces[53] are still reporting local transmission of malaria.

Uncoordinated transition arrangements to ensure sustainability of key malaria interventions

The Global Fund's approach is that sustainability planning should be inherent in program design, and considered by all countries regardless of where they sit on the development continuum.[54] The organization projects that by 2028, the Philippines will be classified as Upper-Middle Income, with a low disease burden for the Malaria component, making it ineligible for future allocations.[55] The Global Fund estimates that the Philippines' malaria component may be eligible for transition funding in the 2023-2025 allocation period.

In 2017, the grant Principal Recipient together with the UCSF[56] Global Health Group conducted a transition readiness assessment, which highlighted the absence of a formal transition or sustainability planning process to guide the end of Global Fund malaria support. As a follow up, the Zuelling Family Foundation and the Principal Recipient conducted a baseline assessment of the malaria health system in selected sites, and recommended that an action plan be developed to address the identified challenges.[57] This action plan is however yet to be developed.

The country is also yet to develop a comprehensive transition plan. Updating the National Malaria Strategic Plan to incorporate a section on transition planning is under discussion. This will be done as part of the annual malaria grant workplan update, and will be supported by the Global Fund through WHO. However, the Terms of Reference for WHO technical assistance do not clearly articulate the development of a comprehensive transition plan.

Both the Principal Recipient and the Department of Health have made efforts towards transitioning the malaria program; for example, through establishing 65 Elimination Hubs, rolling out an integrated reporting system (OLMIS) and institutionalizing LGU support incentives to malaria volunteers. However, these efforts are not coordinated, or orchestrated into a comprehensive transition plan with a framework that can be tailored to each LGU. The malaria program risks losing the gains achieved through Global Fund support, and the country may not be malaria-free by 2030 if a comprehensive plan is not developed to guide transition efforts.

Agreed Management Action 4:
The Secretariat will support the Principal Recipient for the Malaria grant, the Department of Health (DOH), other relevant Government departments, and WHO (as deemed necessary by the DOH) to develop the National Malaria Strategy/Roadmap with a written plan to guide the transition of Malaria activities out of Global Fund financing.
OWNER: Head of Grant Management Division
DUE DATE: 30 September 2022

[53] 60 provinces have been officially declared by the DOH as malaria-free and 19 provinces have reached various stages of elimination
[54] The Global Fund Sustainability, Transition and Co-financing Policy
[55] Projected transitions from Global Fund country allocations by 2028: projections by component – March 2021
[56] University of California, San Francisco
[57] Published in April 2020

Annex A: Audit rating classification and methodology.

Effective	**No issues or few minor issues noted**. Internal controls, governance and risk management processes are adequately designed, consistently well implemented, and effective to provide reasonable assurance that the objectives will be met.
Partially Effective	**Moderate issues noted**. Internal controls, governance and risk management practices are adequately designed, generally well implemented, but one or a limited number of issues were identified that may present a moderate risk to the achievement of the objectives.
Needs significant improvement	**One or few significant issues noted**. Internal controls, governance and risk management practices have some weaknesses in design or operating effectiveness such that, until they are addressed, there is not yet reasonable assurance that the objectives are likely to be met.
Ineffective	**Multiple significant and/or (a) material issue(s) noted.** Internal controls, governance and risk management processes are not adequately designed and/or are not generally effective. The nature of these issues is such that the achievement of objectives is seriously compromised**.**

The OIG audits in accordance with the Global Institute of Internal Auditors' definition of internal auditing, international standards for the professional practice of internal auditing and code of ethics. These standards help ensure the quality and professionalism of the OIG's work. The principles and details of the OIG's audit approach are described in its Charter, Audit Manual, Code of Conduct and specific terms of reference for each engagement. These documents help safeguard the independence of the OIG's auditors and the integrity of its work.

The scope of OIG audits may be specific or broad, depending on the context, and covers risk management, governance and internal controls. Audits test and evaluate supervisory and control systems to determine whether risk is managed appropriately. Detailed testing is used to provide specific assessments of these different areas. Other sources of evidence, such as the work of other auditors/assurance providers, are also used to support the conclusions.

OIG audits typically involve an examination of programs, operations, management systems and procedures of bodies and institutions that manage Global Fund funds, to assess whether they are achieving economy, efficiency and effectiveness in the use of those resources. They may include a review of inputs (financial, human, material, organizational or regulatory means needed for the implementation of the program), outputs (deliverables of the program), results (immediate effects of the program on beneficiaries) and impacts (long-term changes in society that are attributable to Global Fund support).

Audits cover a wide range of topics with a particular focus on issues related to the impact of Global Fund investments, procurement and supply chain management, change management, and key financial and fiduciary controls.

Annex B: Risk Appetite and Risk Ratings

In 2018, the Global Fund operationalized a Risk Appetite Framework, setting recommended risk appetite levels for eight key risks affecting Global Fund grants, formed by aggregating 20 sub-risks. Each sub-risk is rated for each grant in a country, using a standardized set of root causes and combining likelihood and severity scores to rate the risk as Very High, High, Moderate or Low. Individual grant risk ratings are weighted by the grant signed amounts to yield an aggregate Current Risk Level for a country portfolio. A cut-off methodology on high risks is applied (the riskiest 50% of grants are selected) to arrive at a country risk rating.

OIG incorporates risk appetite considerations into its assurance model. Key audit objectives are generally calibrated at broad grant or program levels but OIG ratings also consider the extent to which individual risks are being effectively assessed and mitigated.

OIG's assessed residual risks are compared against the Secretariat's assessed risk levels at an aggregated level for those of the eight key risks which fall within the audit's scope. In addition, a narrative explanation is provided every time the OIG and the Secretariat's sub-risk ratings differ. For risk categories where the organization has not set formal risk appetite or levels, OIG opines on the design and effectiveness of the Secretariat's overall processes for assessing and managing those risks.

Global Fund grants in the Philippines: comparison of OIG and Secretariat risk levels

OIG and Secretariat risk levels were aligned, except for those related to "In-Country Governance". This risk is a composite of five sub-risks:

- Health sector governance
- National program governance
- PR Governance
- Implementation effectiveness
- CCM Governance.

The OIG and the Secretariat have similar levels of assessed risk, except for levels of assessed risk related to National Program Governance. The Secretariat rated this sub risk "low" although two out of the three disease component risk ratings are rated moderate. The risk rating is driven by limited Principal Recipient ability to carry out planned grant activities due to sudden disease outbreaks (epidemic/pandemics) or unforeseen political/economic instability. The Secretariat rated the TB program low; the OIG is of the view that this should be rated moderate for the same reason as the other two disease programs. In addition, the roll out of the Universal Health Care Law and the Mandanas ruling has changed the organizational structure at the National Programs. The vertical disease functions have been removed and staff are being moved to cross-function areas. There is no plan within the current grants to assess how these ongoing structural changes will impact the current implementation structure/arrangement.