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January 14, 2020

INFORMATION MEMO FOR AMBASSADOR MARKS, South Africa

FROM: S/GAC – Ambassador Deborah L. Birx, MD

SUBJECT: FY 2020 PEPFAR Planned Country Allocation and Strategic Direction

Dear Ambassador Marks:

First, I wanted to personally thank you for the depth of your dedication to PEPFAR upon hitting the ground in South Africa. The ability to translate these dollars into effective and impactful programming has and continues to be core to our success globally, and with your knowledge of business practices we look forward to continue to evolve the program for even greater impact. Your PEPFAR team in country has been working every day to improve the impact of the 2-year surge monies and I have been fortunate to witness their passion and compassion. I know we all share an understanding of what is needed and hopefully what is possible. Together with the Government of South Africa and civil society we must redouble our impact and we look forward to your innovative ideas on how to increase the efficiency and effectiveness of the PEPFAR program overall. We are encouraged by progress see in:

- Improved linkage and resolution of the significant client retention issue that existed at end of FY18, thanks to the intensive site-level monitoring and corrective action by the PEPFAR team and partners.
- Improvements across the prevention portfolio, particularly through VMMC for young men and accelerated PrEP among adolescent girls and young women.
- Increased engagement from both PEPFAR headquarters and field teams and strengthened coordination at all levels to achieve impact between PEPFAR, the South African Government, and civil society organizations.

We did want to highlight both overarching issues we see across PEPFAR and a few specific to South Africa. Full details will follow in a comprehensive letter from your S/GAC Chair and PPM.

Throughout the PEPFAR family of supported countries and communities, five gaps are shared across the globe holding us collectively back from achieving Sustainable Development Goal 3 related to controlling the HIV AIDS epidemic:

1. Continued new HIV infections in adolescents and young women
2. Supporting key populations with prevention and treatment services
3. Ensuring men are diagnosed and treated early [testing positive and new on treatment (linkage surrogate)]

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4. Ensuring 15-35-year-old asymptomatic clients are maintained on treatment and virally suppressed (net new on treatment and treatment current growth, retention surrogate)
5. Ensuring all children are on the best treatment regimens and virally suppressed

Challenges that the PEPFAR South Africa is facing include:

- Underperformance across the treatment clinical cascade persists, threatening the ability to reach the Government of South Africa's goal of achieving epidemic control of HIV/AIDS by reaching and maintaining at least 6.1 million people on treatment by the end of 2020.
- Refinements are needed in the prevention portfolio, including improved age-banding for VMMC, acceleration of PrEP, and dramatic expansion in the reach and improvement in performance of DREAMS to address the continued new infections in adolescents and young women.
- Bottlenecks and inadequate policy implementation for optimal client-centered services at the provincial, district and site levels persist. PEPFAR South Africa should align program to agency strengths to improve maximum impact and reduce inefficiencies.

In a recent Office of Inspector General audit around PEPFAR coordination there were four preliminary recommendations based on their discussions with PEPFAR staff in the field from four countries, three of which are relevant to this Country Operational Plan planning cycle related to target setting, tool development, and timelines. Although we just received the draft report a few days ago we did not want to wait another COP cycle to make substantive changes related to the recommendations. The first was around targets and target-setting and the need for a clear and transparent understanding and dialogue in establishing targets. PEPFAR targets are not PEPFAR's but flow directly from the UNAIDS Fast Track Strategy of 2016. Since 2016, both the PEPFAR strategy and targets derive from the global communities of UNAIDS, WHO, and specifically Heads of State in their commitment to SDG 3 and are aligned to support the country's specific ambition towards those goals.

The global community in 2015 through their Heads of State committed to achieving SDG 3.3 by 2030 which for HIV is ending the HIV/AIDS epidemic as a public health threat. This was followed by a United Nations High Level Meeting on HIV/AIDS in June 2016, whereby these Heads of State committed to the 90/90/90 Fast Track Strategy. Essential to the strategy was 73% community viral load suppression (VLS) by 2020 and 86% community VLS by 2030 combined with increased prevention interventions and zero stigma and discrimination to ensure all ages, genders and risk groups have access to life saving prevention and treatment services. Also, in 2016, 22 PEPFAR-supported high HIV burden countries committed to the three Frees of Start Free, Stay Free, AIDS Free with 2020 targets of a decrease in new infections in children to 20,000, 85% of pregnant women on ART, AGYW new infections to < 100,000, 90% of children on ART and 25 million VMMCs. Since 2016 PEPFAR and the GF resources have been focused on achieving these global goals that have been translated to each country by UNAIDS and subsequently supported financially and technically by the PEPFAR family.

Since 2016, PEPFAR has utilized these global commitment targets as PEPFAR targets with the commensurate increased funding to countries in 2016, 2017, and 2018 to achieve the goals set out by the Heads of State. Many countries have made tremendous progress towards these targets

and others need to accelerate. RSA is a country designated as need to accelerate to achieve the SDG 3 goal.

Over the past 4 years, PEPFAR resources were allocated based on need, performance, and specifically on the country's and communities' desire to achieve the SDG, Fast Track Strategy, and Three Free goals and country specific targets. Based on the OIG recommendations S/GAC will take a different approach this year to target-setting. In the case of RSA since you will have completed the investment of the 2 year surge funds, our collective hope is that together we use this moment of reflection on progress and challenges along with the realization that the end of 2020 is only 11 months away to address these overarching challenges this year through COP 2019 implementation and use COP 2020 to maintain our progress, address any ongoing challenges and finally fund ambition for greater impact. Thus, S/GAC will not assign targets to countries but only provide notional budget levels. After the PEPFAR country team submits their targets the notional budget will then be adjusted to the presented level of ambition.

The PEPFAR Country/Regional Operational Plan (COP/ROP 2020) notional budget is \$523,440,000, inclusive of all new funding accounts and applied pipeline and reflects the following:

- Sustaining the gains in treatment services (\$281,500,000 inclusive of 50% of PEPFAR M/O \$25,500,000)
- ANC test kits (\$3,440,000)
- Continued OVC services based on COP 2019 (\$28,000,000)
- Continued VMMC funding based on your percent of VMMC in the appropriate age band of >15 yo age, (\$36,500,000)
- Dramatic expansion of DREAMS programming (\$90,000,000), of which 85 % is for vulnerable girls less than 20 years old and counts as programming for orphans and vulnerable children.
- Continued expansion of PrEP (\$10,000,000)
- Continued support to TB/HIV and specifically TPT (\$34,500,000), which is considered part of your care and treatment program.
- Continues support for key population prevention (\$14,000,000)
- Remaining 50% of M/O (\$25,500,000)

Total COP2020 notional budget of \$523,440,000 is comprised of \$452,262,170 new and \$71,177,830 pipeline.

Overall, across the PEPFAR portfolio, we have dramatically increased DREAMS funding to address continued new infections in adolescent girls and young women because for the first time we see across all districts currently implementing DREAMS, declines in new diagnoses of HIV in young women. In relevant countries, these funds should be used to expand to the highest burden districts not current covered and saturate in urban areas.

Teams will develop their own targets across PEPFAR program areas described above. Budgets and targets : testing targets should be consistent with any targets above projected achievable

FY2020 treatment current, continued and sustained OVC programming and KP programming. For DREAMS, PrEP, and TB, increased targets consistent with the level of increased budgets. Again, the team has received a notional budget as noted above and a final budget approval will be contingent on the team's desired targets. As always funding is associated with a performance target that will be achieved with those resources. Targets and the subsequent approved budget should reflect the level of ambition the PEPFAR team in collaboration with the Government of South Africa and civil society of South Africa related to what is critical for the country's progress towards controlling the pandemic and maintaining control.

Additionally, country teams and specifically agencies independently can request additive funds in the OU FAST to be submitted, based on their stated increased ambition, with commensurate increased partner level targets. This will apply only to partners with the highest performance with evidence that they are addressing the one of the critical gaps outlined above. Budget requests must be consistent with the cost of expanded targets and address one of the gaps in programming 2-5 above. These requests should be discussed with the S/GAC chair and PPM during the January strategy retreat and tentatively approved and be submitted with the DataPack and FAST tool. The final budget and associated country level targets will be discussed and approved during the Johannesburg meeting.

We are hoping this new approach to target-setting and budget will establish an open dialogue on target-setting and empower teams to work with all stakeholders to plan a strategic and impactful COP. The expectation is for country teams and agencies to propose to S/GAC the targets they believe are achievable and feasible and hold their partner's accountable to that achievement. In addition, this new approach to target-setting gives high performing partners and agencies with additional aspirations the opportunity to do more to achieve even greater impact with resources currently not programmed for COP 2020.

In the next 48 hours, more detailed descriptions of OU's programmatic successes and challenges will be conveyed to your wider PEPFAR team by the S/GAC Chair and PPM in a phone call, after which the detailed planning level letter will be immediately released.

Again, thank you for your work and we are looking forward to working with you to achieve your Fast Track Strategy and ultimately the SDG 3 goal.

Together we can.

Deborah Birx