Independent observer of the Global Fund

# Global Fund Observer

NEWSLETTER

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### 1. NEWS: Global Fund Board approves new country and multi-country grants along with interventions on UQD Register

**BY DAVID GARMAISE**

In May, the Global Fund Board approved five new country grants in four countries: Gabon, Georgia, Peru and Serbia. The Board also approved two multi-country grants and 18 sets of interventions from the Register of Unfunded Quality Demand.

### 2. NEWS: OIG audit in Sudan shows "serious deficiencies" in asset management and procurement

**BY ADÈLE SULCAS**

In its second audit of Global Fund grants to the Republic of Sudan, the Office of the Inspector General rated as "ineffective" Sudan's implementation, financial and assurance arrangements, in part due to missing assets (reported by the Principal Recipient) of $846,000, and due to $2.75-million worth of Global Fund-funded assets that were either not locatable, not recorded or not correctly documented. A fuller investigation by the OIG will follow.

### 3. NEWS: Global Fund's management and framework for investments in health systems need significant improvement, OIG says

**BY DJESIKA AMENDAH**

The Office of the Inspector General (OIG) found that the Global Fund structures, policies and processes for the management of investments in Resilient and Sustainable Systems for Health, and the monitoring framework for these investments, need significant improvement; however, the risk mitigation measures of RSSH activities are partially effective, according to the OIG's ratings.

## 4. NEWS: Inspector General's annual report to the Global Fund Board describes 'strategic themes' – and the inevitability of risk

**BY ADÈLE SULCAS**

The Inspector General delivered his annual report to the Global Fund's 41st Board Meeting with a commendation for the Fund's expansion of treatment and success rates, while emphasizing the need for greater attention to program quality, finding missing TB cases, transition, and a greater focus on balancing short-term delivery and longer-term capacity building. Risk-taking and the "inevitable materialization of adverse events" will remain "a constant feature" in the Global Fund landscape, he said.

## 5. NEWS: Global Fund Secretariat and OIG report steady progress in the implementation of AMAs, but improvement still needed

**BY ANN ITHIBU**

According to a joint progress report by the Secretariat and the OIG, the number of open and overdue Agreed Management Actions (AMAs) was at an all-time low since 2014 when the OIG started tracking closed AMAs systematically. However, some AMAs have remained overdue for years because of changing political environment in the affected countries, developments at the Global Fund, and unforeseen complexities in the implementation of the AMAs.

## 6. OF INTEREST: 72nd World Health Assembly, and other news of interest to the Global Fund partnership

**BY ADÈLE SULCAS**

This edition's 'Of Interest' focuses on the 72nd World Health Assembly, WHO's annual meeting for all Member States, held over the past nine days in Geneva, and an opinion piece in the WHO Bulletin from Médecins sans Frontières highlighting procurement problems associated with countries' transition away from Global Fund support.

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# ARTICLES:

## 1. NEWS: Global Fund Board approves new country and multi-country grants along with interventions on UQD Register

*Largest single award was $13.2 million for a Burkina Faso malaria grant*

**David Garmaise** **27 May 2019**

On 13 May 2019, the Global Fund Board approved, by electronic vote, funding for five country grants having a total value of $25.2 million. Domestic commitments for the programs included in the approved country grants amounted to $937.9 million. The five country grants

were for four countries: Gabon, Georgia, Peru and Serbia. The largest award ($9.3 million) was for a Georgia HIV grant. (See Table 1 for details.)

The Board also approved two multi-country grants worth $9.0 million (Table 2).

In addition, interventions from the Unfunded Quality Demand (UQD) Register valued at $58.4 million were approved for 18 grants (Table 3). The funds for these awards come from a portfolio optimization exercise that was carried out in 2018 for the 2017-2019 allocation cycle. The largest award ($13.2 million) was for a Burkina Faso malaria grant.

The Board was acting on the recommendations of the Technical Review Panel (TRP) and the Grant Approvals Committee (GAC). This was the 20th batch of approvals from the 2017-2019 allocations.

**Table 1: Country grants approved from the 2017-2019 allocations — 20th batch ($)**

| Applicant | Com-ponent | Grant name | Principal recipient | Amount approved [1] | UQD | Domestic commitment [2] |
|---|---|---|---|---|---|---|
| Gabon [4] | TB | GAB-T-CERMEL | CERMEL [3] | 1,190,025 | 755,228 | 4,506,322 |
| Georgia | HIV | GEO-H-NCDC | NCDC [3] | 9,348,422 | 0 | 77,941,900 |
| Peru | HIV | PER-H-CARE | Care International | 6,264,586 | 0 | 282,401,270 |
| | TB | PER-T-SES | SES [3] | 7,199,291 | 0 | 492,726,063 |
| Serbia [4] | HIV | SRB-H-MOH | Ministry of Health | 1,230,483 | 288,962 | 80,305,249 |
| | | | **Total** | **25,232,807** | **1,044,190** | **937,880,804** |

*Notes:*

1. *Amounts shown are upper ceilings.*
2. *The domestic commitments shown are for the disease programs and exclude RSSH.*
3. *CERMEL = Centre de Recherches Médicales de Lambaréné | NCDC = National Centre for Disease Control and Public Health | SES = Socios en Salud Succursal Peru*
4. *For grants denominated in euros, an exchange rate of 1.1203 to the dollar was used.*
5. *The end date for all grants in this table except Gabon TB is 30 June 2022. The end date for Gabon TB is 31 December 2021.*

**Table 2: Multi-country grants approved from the 2017-2019 allocations — 20th batch ($)**

| Applicant | Grant name | Principal recipient | Amount approved | UQD |
|---|---|---|---|---|
| MC Africa ECSA-HC | QPA-T-ECSA | ECSA [1] | 4,500,000 | 1,319,599 |
| MC LAC PIH | QRA-T-PIH | Partners in Health | 4,500,000 | 0 |
| | | **Total** | **9,000,000** | **1,319,599** |

*Note:*

1. *ECSA = East, Central and Southern Africa Health Community*

**Table 3: Additional funding approved from the 2017-2019 allocations for UQD interventions ($)**

| Applicant | Comp. | Grant name | Principal recipient | Amount approved ($) | Revised program budget |
|---|---|---|---|---|---|
| Belarus | TB/HIV | BLR-C-RSPCMT | RSPCMT [2] | 1,150,000 | 16,990,452 |
| Benin [1] | HIV | BEN-H-PSLS | PSLS [2] | 1,397,619 | 26,417,794 |
| Burkina Faso [1] | Malaria | BFA-M-PADS | PADS [2] | 13,218,225 | 108,046,364 |
| | HIV | BFA-H-SPCNLS | SPCNLS [2] | 898,469 | 36,810,112 |
| Chad [1] | Malaria | TCD-M-UNDP | UNDP | 10,119,632 | 47,702,812 |
| DRC | TB/HIV | COD-C-CORDAID | CORDAID [2] | 8,700,000 | 158,442,258 |
| | Malaria | COD-M-MOH | Ministry of Health | 525,201 | 84,020,305 |
| Cuba | HIV | CUB-H-UNDP | UNDP | 450,000 | 13,703,225 |
| Haiti | TB/HIV | HTI-C-PSI | Pop. Services Intl. | 900,000 | 87,262,929 |
| Mali [1] | Malaria | MLI-M-PSI | Pop. Services Intl. | 9,488,322 | 61,968,890 |
| Montenegro [1] | HIV | MNE-H-MOH | Ministry of Health | 201,570 | 825,485 |
| Pakistan | TB | PAK-T-MC | Mercy Corps | 1,177,877 | 16,177,877 |
| | | PAK-T-TIH | The Indus Hospital | 1,180,438 | 41,180,438 |
| PNG | TB/HIV | PNG-C-WV | World Vision | 918,820 | 21,995,934 |
| Paraguay | TB | PRY-T-AV | Altervida | 279,351 | 3,194,672 |
| Sierra Leone | HIV | SLE-H-NAS | Nat. AIDS Secretariat | 700,000 | 32,499,803 |
| Uganda | TB | UGA-T-MoFPED | MoFPED [2] | 5,500,000 | 23,945,026 |
| Ukraine | TB/HIV | UKR-C-AUA | Alliance for Public Health | 1,600,000 | 46,722,811 |
| | | | **Total** | **58,405,524** | **827,907,187** |

*Note:*

1. *For grants denominated in euros, an exchange rate to the dollar of 1.242 was used.*
2. *RSPCMT = Republican Scientific and Practical Center for Medical Technologies, Informatization, Administration and Management of Health | PSLS = Programme Santé de Lutte Contre le Sida | PADS = Programme d'Appui au Développement Sanitaire | SPCNLS = Secrétariat Permanent du Conseil National de Luttle Contre le Sida et les IST | CORDAID = Stichting Cordaid | MoFPED = Ministry of Finance, Planning and Economic Development*

In its report to the Board, the GAC provided comments on two of the country grants; on both multi-country grants; and on all of the interventions funded from the UQD Register. In the balance of this article, we provide a summary of the GAC comments.

## COUNTRY GRANTS

### Gabon TB

Gabon has the highest TB burden in Central Africa. The main driver of Gabon's TB epidemic is TB/HIV co-infection.

The fight against TB in Gabon is led by the National Tuberculosis Control Program (NTP) with funding from the government, particularly for the procurement of first-line TB drugs, as well as contributions from research centers — namely the PR, the Centre de Recherches Médicales de Lambaréné, and the Centre International de Recherches Médicales de Franceville — to strengthen program capacity in relation to diagnosis and treatment. "However," the GAC said, "the capacity in program management and coordination remains suboptimal, centers for TB diagnosis and treatment to cover the population in need are limited, and stockouts of first line drugs have been recurrent in previous years."

The goal of the NTP is to contribute to reducing TB mortality from 98 per 100,000 population in 2017 to 74 per 100,000 in 2021. The strategies to achieve this goal include the following:

- Improve TB notification;
- Increase the treatment success rate for new cases of confirmed pulmonary TB;
- Provide counselling and HIV testing to at least 83% of TB patients, and provide antiretrovirals and cotrimoxazole to at least 74% of co-infected TB-HIV patients;
- Test at least 234 MDR-TB cases over three years and treat 100% of confirmed cases; and
- Strengthen the management and coordination of human resources of the NTP and at all levels of the health pyramid, including the capacity to ensure high-quality monitoring and evaluation.

The main concern raised by the GAC has to do with whether Gabon will meet its co-financing commitments. Gabon's commitment for the 2017-2019 allocation period more than meets the country's co-financing requirement. However, the GAC noted, Gabon failed to invest in line with its co-financing commitments for 2014-2016. For that period, Gabon had promised that 95% of the co-financing spending would be for the procurement of first-line TB drugs and commodities. But, in reality, only 30% of the funds were spent on first-line TB drugs, while the other 70% was invested in recurrent costs — i.e. salaries and maintenance.

For the 2017-2019 allocation period, Gabon aims to use the co-financing funds to procure 100% of the first-line TB treatment drugs needed. Citing the potential risks of the commitments not being realized, the GAC noted that the Global Fund Secretariat will closely monitor the materialization of the commitments through bi-annual reviews and an analysis of the lists of TB health procurements. In addition, the Secretariat said that it will continue to work with partners to persuade the government to increase the budget for health.

**Serbia HIV**

Serbia is an upper-middle-income country which became re-eligible for Global Fund support for HIV in the 2017-2019 allocation period due to increased prevalence among men who have sex with men. UNAIDS data for 2017 for this population shows a prevalence of 8.3%.

Serbia's previous rounds-based HIV grants ended in 2014. According to the GAC, HIV diagnostic and treatment services, including voluntary counselling and testing (VCT) and opioid substitution therapy (OST), were transitioned to government funding. The GAC said that the government program was successful in continuing to scale up coverage with antiretroviral therapy (ART) and OST. However, financing for preventive services and care and support services for key populations was limited, resulting in significantly reduced service delivery across the country during 2015-2017.

"Whereas historically, civil society organizations (CSOs) had played an important role in forming and developing a national response to the HIV epidemic," the GAC said, "the concurrent dissolution of both the National AIDS Council and the country coordinating mechanism (CCM) in 2014 and the expiry of the National HIV/AIDS Strategy" created a situation where there was limited dialogue among HIV stakeholders.

As a result, the GAC stated, the new grant will focus on investments in key populations — specifically by providing prevention, care and support services; and providing finances through Serbia's social contracting mechanism for engaging NGOs.

The GAC said that the grant aims to scale-up HIV testing services and preventive programs for key populations, including men who have sex with men, sex workers and people who inject drugs, while facilitating access to care and support services for people living with HIV and strengthening treatment literacy.

Most of the funds will be spent on two regions — Belgrade and Vojvodina — because that is where key populations and HIV transmission are concentrated.

The GAC noted that Serbia has:

- Re-established a National AIDS Commission, which, acting as the CCM, will provide oversight of the grant;
- Integrated into the Ministry of Health's budget specific lines for key populations services with an annual commitment of €180,000 by 2021;
- Developed a National AIDS Strategy 2018-2025, in which civil service organizations are recognized as strategic and implementation partners; and
- Developed procedures for social contracting.

The GAC said that although Serbia has no plans to complete a transition readiness assessment at this time, the grant itself has been designed to address the main transition and sustainability challenges.

The GAC said that each year Serbia will issue a joint Global Fund and government call for proposals; select recipients through a national evaluation committee; and manage the funds under the national HIV program, "without creating any parallel systems or procedures for programmatic or financial reporting to the Global Fund."

The GAC stated that government and grant funds will be jointly programmed using an aligned average unit cost per client reached for each key population. "This approach will, amongst other things, allow the country to better link resources to targets," the GAC said, "and transform the mindset of in-country stakeholders from a grant-based support perspective to the procurement of health services delivered by NGOs."

## MULTI-COUNTRY GRANTS

### Multi-country Africa TB: East, Central and Southern Africa Health Community (ECSA-HC)

This grant builds on a 2014-2016 grant to the same PR involving strengthening the quality and diagnostic capacity of national reference laboratories (NRLs) to support other TB laboratories. The grant covers 21 countries — Angola, Botswana, Burundi, Eritrea, Eswatini, Ethiopia, Kenya, Lesotho, Liberia, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, Somalia, South Sudan, Tanzania, Uganda, Zambia and Zimbabwe.

The grant's objectives are to:

- Strengthen the inter-state regional network of NRLs;
- Improve laboratory service provision for quality assurance, and phenotypic first- and second-line drug susceptibility testing (DST);
- Enhance the impact of the World Health Organization's recommended diagnostics; and
- Consolidate the capacity of NRLs to undertake disease monitoring surveys such as drug resistance surveillance, TB prevalence and other operational research.

The GAC said that the grant has the potential to contribute significantly to the global effort to find and treat missing TB cases and to achieve the goals of the WHO End TB Strategy and associated targets of a 90% reduction in TB deaths, and an 80% reduction in the TB incidence rate, by 2030 compared to 2015.

The GAC said that it shares the concerns raised by the Technical Review Panel (TRP) regarding the sustainability of programs beyond the Global Fund grants. It noted the challenges of ensuring that high-quality TB diagnosis and robust laboratory networks across the region will be maintained should the Global Fund withdraw its support at the end of the 2017-2019 allocation period. The GAC acknowledged that ownership of programs and the engagement with supranational reference laboratories in the region are critical to promoting sustainability.

### Multi-country Latin America and Caribbean TB: Partners in Health

This grant aims to strengthen the capacity of TB civil society organizations (CSOs) and to promote the inclusion of civil society in national TB programs (NTPs). The grant covers eight countries: Bolivia, Colombia, Dominican Republic, El Salvador, Guatemala, Haiti, Mexico and Peru.

The GAC said that the PR, Partners in Health, and the TB Coalition of the Americas will work with civil society, CCMs, relevant ministries, NTPs and the Parliamentary Front of TB in each country to achieve the following objectives:

- Disseminate the ENGAGE TB approach and integrate community activities regarding the fight against TB into the work of CSOs;
- Establish eight national social observatories of TB (SOTB) to monitor the response against TB, engage in advocacy, and support the mobilization of resources (including financial resources for civil society activities); and to develop the capacities of civil society to more effectively participate in the prevention, diagnosis and treatment of TB;
- Strengthen the TB Coalition of the Americas as a strategic regional organization for (a) monitoring and control of regional commitments; (b) promoting the effective exchange of experiences between communities in different countries; and (c) assessing the regional response against TB "with a focus on human rights"; and
- Strengthen systems of accompaniment and community monitoring for effective referral and counter-referral processes for migrants affected by TB.

(Counter-referral is when the receiving facility refers a patient back to the initiating facility.)

The GAC said that the creation and consolidation of SOTBs will enhance sustainability because the grant will give SOTBs visibility among national and regional stakeholders and will support their operational activities. The grant will ensure that the SOTBs work with governments and civil society to secure budget lines in national budgets to enable governments to progressively assume responsibility for funding these programs.

The GAC noted that the work plan tracking measures will further contribute to sustainability of the SOTBs by (a) monitoring implementation and development of SOTB activities, including advocacy plans to address stigma, gender and human rights issues; and (b) including an assessment of local CSOs that can become home to the SOTBs which, in turn, will entail considerable savings and will help to empower the hosts.

## ADDITIONAL FUNDING FOR UQD INTERVENTIONS

**Benin HIV**. The extra resources will fund 5,118 additional patients on ART, bringing ART coverage to 70% by the end of 2020 (from an estimated 63% at December 2018).

**Belarus TB/HIV.** The added funds will allow Belarus to implement the new MDR-TB regimen for 700 patients whose treatment is covered by the government and for 548 patients supported by the Global Fund.

**Burkina Faso malaria.** The added investment will cover seasonal malaria chemoprevention in 40 districts.

**Burkina Faso HIV.** The extra funds will help to increase retention in treatment and care of mothers and their babies; and will contribute to the elimination of mother-to-child transmission of HIV.

**Chad malaria.** Currently, distribution of long-lasting insecticide-treated bed nets (LLINs) funded by Global Fund and government resources reaches only 44% of populations at risk in eight regions. The additional investment will support distribution of the nets in five additional regions, thus enabling Chad to reach 73% coverage nationally in 2020.

**DRC TB/HIV.** The additional investment will support the scale-up of HIV treatment: 29,773 patients will be treated, of whom 1,516 are children.

**DRC malaria.** The additional funding will allow DRC to implement in two provinces a community-based surveillance model that has already been piloted.

**Cuba HIV.** The extra funding will allow Cuba to increase the proportion of people living with HIV who have low viral-load suppression from 43% to 76%. This investment is designed to support Cuba's transition away from Global Fund support.

**Haiti TB/HIV.** For HIV, the additional resources will support activities to increase the proportion of people living with HIV who have achieved viral load suppression. For TB, the extra funding will support increased case detection.

**Mali malaria.** Current resources cover an LLIN distribution campaign in two regions. The added funding will allow Mali to extend the campaign to a third region.

**Montenegro HIV.** With the extra funding, Montenegro will be able to implement integrated bio-behavioral surveys and population size estimates for key populations.

**Paraguay TB.** The added funding will enable Paraguay to enhance active case-finding activities in hard-to-reach areas.

**Pakistan TB.** The extra resources will support the national program to engage with additional general practitioners (2,500), NGOs (210), private hospitals (50) and parastatal hospitals (50); and will help to ensure that diagnosis and treatment of TB patients by private practitioners is in line with national TB guidelines.

**PNG TB/HIV.** The extra investment will support additional staff in four districts and clinics; enable training, mentoring and support supervision of community health workers; and increase ART retention from 55% to 75-80%.

**Sierra Leone HIV.** The goal of the extra funding is to increase treatment coverage from 44% to 56% by 2020.

**Ukraine TB/HIV.** The added investment will enable 1,132 patients in non-government-controlled areas to transition to the new MDR-TB regimen.

**Uganda TB**. The additional resources will enable Uganda to transition additional patients to the new MDR-TB regimen.

*Most of the information for this article was taken from Board Document GF/B40/ER12 ("Electronic Report to the Board: Report of the Secretariat's Grant Approvals Committee"), undated. This document is not available on the Global Fund website.*

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## 2. NEWS: OIG audit in Sudan shows "serious deficiencies" in asset management and procurement

*Low bed-net usage, and unaddressed capacity and implementation gaps impede progress*

**Adèle Sulcas** **27 May 2019**

In its second audit of Global Fund grants to Sudan, where the Global Fund is the largest health donor, the Office of the Inspector General (OIG) found "serious deficiencies" in relation to asset management and procurement controls by both Principal Recipients, the United Nations Development Program (UNDP) and Sudan's Federal Ministry of Health (FMoH). The audit also found gaps in data quality and low bed-net usage that are impeding malaria program success, a need to improve inventory management, and unaddressed capacity and implementation gaps.

The OIG's review, covering June 2016 to June 2018, was sample-based. The audit team visited 21 localities (sub-regions of the country's 18 states), including visits to health facilities, hospitals and three state warehouses.

Within this sample, the OIG found that assets totalling $2.75 million, procured using Global Fund monies, were either not recorded or not located, or were registered as 'damaged' but without any supporting documentation to that effect.

In addition, the report discussed asset losses identified by UNDP, a Principal Recipient, during a regular asset verification exercise. UNDP notified its own Office of Audit and Investigations, which conducted a full investigation. UNDP repaid the missing $846,000 to the Global Fund while the OIG audit was still underway.

The audit report was published on 29 April 2019. On the same day, the Global Fund's Executive Director, Peter Sands, published an accompanying statement, stating that the OIG's Investigation Unit would be opening a fuller investigation to identify any additional potential losses. He also said that UNDP and the Global Fund were working together closely to tighten internal controls and program management arrangements in Sudan.

While the OIG report commended Sudan's efforts to improve malaria prevention, diagnosis, and drug resistance; TB testing and improvements in MDR-TB treatment; and its HIV/AIDS

treatment scale-up and prophylaxis introduction, the main findings – and the OIG's ratings – reflect serious concerns across a wide spectrum of issues.

Based on these issues (see 'Findings' below), the ratings, according to the OIG's four-tiered rating scheme (effective; partially effective; needs significant improvement; ineffective), were:

- Implementation, financial and assurance arrangements in supporting the achievement of grant objectives, **'ineffective'**
- Systems, processes and controls in place to ensure access to quality services, including data to assist decision-making, **'need significant improvement'**
- Efficiency and effectiveness of procurement and supply-chain processes and systems to ensure the timely availability of quality medicines, health and non-health products, **'need significant improvement'.**

**Table 1: Sudan's active Global Fund grants**

| Component | Grant no. | Principal recipient | Grant period | Signed amount (USD) |
|---|---|---|---|---|
| Malaria/RSSH | SDN-M-MOH | Federal Ministry of Health of the Republic of Sudan | Jan 2018 – Dec 2020 | 100,783,761 |
| Tuberculosis | SDN-T-UNDP | United Nations Development Programme | Jan 2018 – Dec 2020 | 12,262,049 |
| HIV/AIDS | SDN-H-UNDP | United Nations Development Programme | Jan 2018 – Dec 2020 | 16,578,954 |
| | | **Total** | | **129,624,764** |

In January 2018, the current malaria/RSSH grant (SDN-H-MOH) transitioned to Sudan's Federal Ministry of Health (FmoH), though $55-million-worth of health procurements are still managed by international partners (UNDP and UNICEF among them). The other two grants will also transition: TB in January 2020, and HIV from 2021. UNDP and the FmoH have jointly developed transition plans.

## Sudan country context

Since 2005, the Global Fund has signed grants with Sudan for more than $666 million and disbursed over $572 million; the current three grants (see Table 1 above) represent a combined investment of almost $130 million.

The third largest country in Africa with a population of 39 million people, Sudan is classified as a 'core' Global Fund country (large portfolio, higher disease burden, higher risk), and a Challenging Operating Environment under Additional Safeguard Policy. Sudan ranks 167 out of 189 countries in the 2018 UNDP Human Development Index and 175 out of 180 countries in Transparency International's Corruption Perception Index.

In 2011, South Sudan was created from the secession of the country's southern states. Since then, Sudan's economy has been wracked by the loss of oil revenue to South Sudan, and long-standing (since 1997) economic sanctions imposed by the United States, with inflation in 2018 reaching 61%. The OIG acknowledges that conflict in some parts of the country and the displacement of two million people have disrupted health services and grant implementation.

## Main findings and key issues

The report's findings are grouped under four categories (see summary description of each below):

- Need for improved asset management and procurement controls
- Challenges with malaria prevention, data quality and quality of services
- Gaps in quantification and forecasting, supply chain and inventory management at health facilities
- Unaddressed capacity and implementation gaps

The Secretariat, working with Sudan's Federal Ministry of Health and partners where appropriate, will support efforts to complete five Agreed Management Actions (AMAs), which are summarized below, after the finding to which the AMA relates. All AMAs are owned by the Head of the Grant Management Division.

*Weak asset management and poor procurement controls are failing to safeguard Global Fund investments*

Unrecorded and missing assets heads the list of issues in this category, for both Principal Recipients. For UNDP, these include $1.3 million-worth of assets that could not be located (UNDP's own 2018 annual asset verification did not identify or report this), $800,000 worth of physical equipment (cars, motorcycles, IT) categorized by UNDP as lost or damaged but without substantiation, and multiple variances between the fixed asset register and the list of assets shared by UNDP (the 'single audit principle' means that the OIG team could not verify UNDP's asset list). For the FMoH, too, several hundred thousand dollars worth of assets procured items were either missing from the fixed assets register or could not be traced or physically located.

In addition, the OIG found irregularities in contracting, and unclear budget approval processes. One example: in the Health System Strengthening grant reviewed, a $228,000 budget had been approved for the refurbishment of 12 Centers for Professional development; after grant signing, however, the FMoH increased the budget to $800,000 to build three new centers, instead.

Lastly, the OIG identified specific instances of poor value for money, from a value-for-money analysis requested by the Grant Approvals Committee focusing on UNICEF, UNDP and the Pooled Procurement Mechanism as potential drug procurement agents.

*AMA 1*: Improve asset management and procurement controls, specifically to revise the scope of the Fiscal Agent's work, and include assurance on the effectiveness of the asset management function within the LFA's scope of work (due 31 December 2019)

*AMA 2*: Update the analysis of the procurement implementation options for health products financed by the Global Fund (due 31 December 2020)

### *Low bed net usage and gaps in data quality are hampering programmatic success, particularly against malaria*

Despite some remarkable success in Sudan's fight against the three diseases (for example, in 2017, Sudan exceeded its malaria treatment target, treating 3.6 million malaria cases with Global Fund-financed drugs). But weak progress in malaria prevention has resulted in an increase in prevalence from 3.3% in 2012 to 5.9% in 2016, an increase that is attributable, the OIG says, to low coverage of bed nets (41% of people can access them) plus low use (of these, only 37% use them).

In addition, gaps in quality and availability of data – caused by lack of human resources, inadequate training and supervision, and regular stockouts of Health Management Informations Systems tools in 75% of health facilities visited – has meant an unreliable basis on which programming decisions can be made.

The report details 'quality of service' issues for all three diseases at Global Fund-funded facilities, which for space reasons we cannot detail here. These include lack of evidence (and guidelines) for malaria diagnosis, incorrect malaria medicine dosages (which can lead to resistance), changes in use, sub-optimal use (and breakdowns of) PCR machines for HIV viral load testing and early infant diagnosis, and sub-optimal use of GeneXpert machines for MDR-TB diagnosis, resulting in missed cases and lack of treatment. Gaps in HIV-related services are contributing to high mortality, treatment disruption, and high rates of loss to follow-up, the OIG said, with retention rates at 44% 60 months after treatment initiation (for one 2015 cohort analysis).

*AMA 3*: Support efforts to improve program and data quality across the three disease programs, including ensuring that the health ministry: conducts surveillance assessment systems for HIV, TB and malaria data; develops a costed and time-bound quality of services improvement plan; obtains technical assistance to conduct a technical evaluation to assess the quality of current rolling mass campaigns, and of root causes related to the resurgence of malaria (due 30 June 2020).

### *Quantification and forecasting, and inventory management processes require improvement and optimization*

The OIG acknowledged great improvements in Sudan's procurement and supply chain issues, thanks to impressive advances in the processes, controls, warehouses, and training and capacity building for government staff, led by the National Medical Supply Fund (NMSF), the lead agency for procurement and supply-chain services in Sudan's public health sector.

Nonetheless, the OIG report points out several remaining challenges, in the areas of gaps in quantification and forecasting, and in inventory management deficiencies. Sudan's drugs quantification is based on an epidemiological estimation, with adjustments made for actual consumption. The committee charged with updating quantification and forecasting data, made up of the NMSF, CNCDCD and UNDP, is not routinely adhering to meeting quarterly to do so. As a result, expiries and treatment disruptions are "commonplace," the report says.

The list of inventory management deficiencies is long. The OIG names nine sub-categories of inventory management controls that need strengthening: poor inventory management related undefined minimum stock levels at state (regional) levels; variances between physical stocks and records; erroneous reporting (stock reports consolidating numbers of tablets with numbers of doses, for example); variances in stock consumption (of up to 40%) between health facility and state/locality records; weak management of expired commodities (78% of health facilities visited had no records of expiries; expired HIV test kits at one location were not removed from the system or from stores, risking misuse and overstating stock balances); emergency orders; telephone reporting and ordering (without documentation); other missing supporting documentation (66% of the 12 facilities visited lacked delivery notes or updated stock records); and inaccurate performance reporting.

The OIG's strong point regarding all of these issues is that weak supervision is the main contributing factor.

*AMA 4*: Support efforts to improve quantification, forecasting, and supervision of Global Fund-financed health commodities (due 31 March 2020).

*Ministry of Health and partners need to collaborate effectively to tackle unaddressed capacity and implementation gaps*

After the OIG audit in 2015, UNDP led – with the participation of the FMoH and others – the creation of a capacity development plan and then a transition plan, finalized in 2017. These plans focused on conducting joint transition activities, and strengthen the ministry's systems to ensure absorption of increased funding and any other consequences of transition. The OIG reports, though, that various key activities in the plan have not been implemented, including joint quantification and forecasting activities (involving training). The FMoH's implementation capacity has been affected. Nonetheless, the transitioning of grants to the FMoH has continued, the OIG says, despite the inadequate capacity, with transition dates remaining fixed the grant agreements for the three diseases, alongside provisions relating to implementation capacity. Notably, the malaria/RSSH grant of about $100 million, has already transitioned, despit the delays in capacity initiatives that have been highlighted.

*AMA 5:* Ensure that the existing Transition and Systems Development Plan 2018-2020 is reviewed and updated (due 31 December 2019).

**Further reading:**

- This audit report, Global Fund Grants in the Republic of Sudan (30 April 2019, OIG report number GF-OIG-19-010)

- The 2015 OIG report, Global Fund Grants to the Republic of the Sudan (4 June 2015, OIG report number GF-OIG-15-009)
- Message from the Executive Director on Global Fund grants to Sudan (30 April 2019)

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## 3. NEWS: Global Fund's management and framework for investments in health systems need significant improvement, OIG says

*Risk mitigation measures for health system activities deemed 'partially effective'*

**Djesika Amendah** **28 May 2019**

The Office of Inspector General (OIG) conducted the first audit of the Global Fund's Resilient and Sustainable Systems for Health (RSSH) investments aiming "to provide reasonable assurance on the adequacy and effectiveness of Global Fund processes for the management of RSSH activities".
The OIG found that the Global Fund structures, policies and processes for the management of the RSSH investments and the monitoring framework for those RSSH investments need significant improvement, while the risk mitigation measures for RSSH activities are partially effective. The audit report, which was published on 3 May 2019, asserts that the Secretariat lacks defined performance metrics to measure performance for two-thirds of total RSSH investments.

Health systems are "all the organizations, institutions, resources and people whose primary purpose is to improve health," according to the World Health Organization (WHO). Health system building blocks (or functions) are leadership and governance, financing, medical products/technologies, health information, health workforce, and service delivery. Thus, building resilient and sustainable systems for health is necessary to maximize the impact of investments in the three disease programs. Since 2014, the Global Fund has invested about $5.8 billion in stand-alone RSSH grants or in RSSH as part of HIV, TB, and malaria grants.

### Findings

*Key Achievements of RSSH grants*

Some of the Global Fund's investments in RSSH have been impactful, although recent OIG reports have highlighted grant-implementation challenges related to health systems (Burkina Faso, Ethiopia, South Sudan), especially supply chains (Cote d'ivoire, Guinea), and data systems (Rwanda).

For instance, Global Fund monies have helped train a Health Extension Workers Program in Ethiopia, bringing primary care closer to people who used to have little access to it;

strengthened Health Management Information Systems (HMIS) to provide reliable routine data in 20 countries from an original cohort of 54; and strengthened the financial management capabilities of implementers.

### *The Secretariat made significant progress in strengthening financial management activities*

As part of Strategic Objective 2 "Build Resilient and Sustainable Systems for Health" of its Strategy 2017-2022, the Secretariat set up the "Strengthening Country Link Project", known as CO-LINK, to increase the performance and sustainability of the Global Fund's investments by improving implementers' financial management capacity and, when possible, leveraging the use of country- or donor-harmonized systems for administering Global Fund grants. The project is run by a dedicated team of financial management specialists who provide technical support to grant implementers.

CO-LINK is on track to achieve its targets. The Secretariat has developed a Financial Management Impact Review (FMIR) tool that monitors six outcomes: financial reporting timelines, the accuracy of reported financial information, the level of financial absorption, the quality of assurance providers' review, the resolution of financial issues and increasing/decreasing trends in financial management issues. The Secretariat collected baseline data in 2017 and intermediate results data in June 2018. The results show an overall improvement of 10% in the 28 countries where the CO-LINK project is already implemented, compared to 4% in the 27 countries where the project has not yet started. *(Editor's note: The report does not specify further detail on how the Secretariat arrived at these estimates.)*

### *The Global Fund and its implementers' structures, policies and processes are often inadequate for strengthening RSSH*

The OIG report explains that the Global Fund to Fight HIV, TB and malaria has traditionally invested mainly in 'vertical' (specific disease) programs. As a result, the Secretariat lacks specific skills to design, implement and coordinate RSSH activities; this deficiency is compounded by the fact that in-country, few national institutions, partners and working groups exist to support the design and implementation of cross-cutting health system strengthening activities. (The opposite is true for disease programs). As a corollary, absorption of funds within the RSSH grants is weaker than that of disease grants. On average, the standalone RSSH grant-absorption rate is only 56%, while for RSSH activities embedded in disease programs, the absorption rate is 67%, and disease-program grants' absorption rate is 75%.

The Global Fund funding cycle covers three years, which is typically too short a time within which to implement major RSSH activities. When the activity is not completed by the end of the grant, the activity is in jeopardy in the next grant cycle. For example, the design and construction of a warehouse requiring all national and local-level administrative authorizations often requires more than three years; in Pakistan, for example, only 2% of a grant was used for the building of a warehouse during the 2015-2017 grant cycle. As the building was not finished by the end of the grant, completion plans were dropped in the

current grant cycle (2018-2020). This type of time lag or lack of alignment also occurs in disease programs, which in-country usually follow a five-year national strategic plan.

### *Secretariat structures in charge of supply chain were deficient although are now improving*

The Secretariat uses a two-pronged approach to address supply-chain issues. Grant funding where supply-chain challenges are incorporated into grants managed by Country Teams, and a corporate approach through supply-chain diagnostic reviews and transformation plans managed by a dedicated supply-chain team. The OIG reported that the Secretariat personnel in charge of procurement and supply chain were, at the time of the audit, scattered across two divisions: Finance, IT, Supply Chain Admin (FISA), and Strategy, Investment and Impact (SIID) – and five departments or teams within those.

*(Editor's note: The OIG confirmed to the GFO that when they started the review, FISA was recognized as a division, with Finance and Supply two entities within that division. Currently, the departments within FISA are all separate and all report through their respective heads to the Executive Director.)*

Under the Finances Division were:

- The Procurement and Supply Chain Department, in charge of strengthening global and in-country procurement and supply-chain systems;
- The Program Finance and Controlling Department, responsible for financial management and oversight.

Under the Strategy, Investment and Impact Division (SIID) are:

- The Community Rights and Gender Department (CRG), responsible for community responses and systems;
- The Access to Funding Department, reporting on the alignment of funding requests with national health strategies and national disease-specific strategic plans;
- The Technical Advice and Partnership (TAP) Department, RSSH, under which there are five teams: HIV, TB, Malaria, the Monitoring and Evaluation and Country Analysis (MECA) team, which is responsible for strengthening in-country data systems for health, and RSSH. Within RSSH are two teams:
    - Two teams: (i) Reproductive, women's, children's, and adolescent health, and platforms for integrated service delivery; (ii) human resources for health

At the time of the audit, those teams and departments, some of which had skill gaps in RSSH areas, tended to work in silos, according to the report.

In March 2018, the Secretariat changed its structure and merged supply chain initiatives under a Sourcing and Supply Chain Department; Philippe Francois took office as Head of Department on 1 October 2018. At the time of the audit (December 2018), there was still room for improvement. For instance, the supply-chain transformation initiative launched in 2016 – to diagnose related issues in 20 prioritized countries and use results to develop

specific action plans to strengthen systems – has yielded diagnoses for only 13 countries. At the time of the audit, no transformation plan had been costed in the nine countries where transformation plans were implemented, and several of those plans lack indication of scope, key activities and timelines.

### *Lack of sufficient indicators and data hampers the monitoring of the performance and impact of RSSH investments.*

Three operational objectives of Strategic Objective 2, "Build Resilient and Sustainable Systems for Health", accounting for 65% of RSSH investments, lack indicators to measure performance. Those three operational objectives are (a) Strengthen community responses and systems, (b) Strengthen global and in-country procurement and supply-chain systems, (c) Strengthen data systems for health and countries' capacities for analysis and use. As a mitigation measure, the Secretariat has asked Country Teams to include Work Plan Tracking Measures where indicators do not exist for material activities. However, these tracking measures are not being consistently used.

The absence of clear indicators for RSSH activities implies that grant ratings may not accurately reflect the performance of RSSH activities. For example, Cambodia's RSSH grant is rated "B1" ("adequate performance") despite an absorption rate of only 48%, because significant community-system components were not included in the grant's rating due to lack of indicators.

### *Feasibility studies needed for RSSH activities, additional funding and sustainability of funding*

The Secretariat requires that prior to funding RSSH activities, the Principal Recipient performs a project feasibility study, identifies additional funding sources to complete the project, and addresses sustainability, oversight and related controls needed to mitigate risks.

These requirements are not, however, consistently and effectively implemented, according to the OIG report.

The project feasibility studies were not performed in 33% of the grants sampled for the audit; the lack of feasibility studies resulted in countries being unable to define activities and proactively identify challenges before projects started.

In addition, though the Global Fund asks for total project costs and expected contributions from other partners, 83% of the projects with substantial capital investment reviewed were funded only – but partially – by the Global Fund, having not succeeded in obtaining funding from supplementary sources as well. In these cases, Global Fund-only investment affects countries' ability to complete projects on time after receiving the initial investment from the Global Fund when this Global Fund investment falls short of the total amount needed.

The Global Fund requires countries to present sustainability plans for RSSH activities to ensure those activities will continue after Global Fund support ends. This requirement is especially important when it concerns recurrent expenses like investment in human resources

for health. For instance, 47% of RSSH resources are invested in human resources (e.g. top-up salaries for health workers or full salaries for in-country staff paid for by the Global Fund). But this requirement is not consistently enforced across the grants, resulting in missing sustainability plans for the RSSH components of many grants.

## Agreed Management Actions

The OIG's report ends with four Agreed Management Actions (AMAs) that are owned by different departments within the Secretariat. The first one related to the Secretariat staff is due by June 2020, while the three others are due by the end of this calendar year. In summary, the Secretariat will:

- Assess its capabilities and capacities to deliver on the RSSH Roadmap; as well as develop an appropriate learning and development plan for RSSH for the 2020-2022 cycle;
- Revise guidance on RSSH and define minimum expectations to encourage further integration of Global Fund investments with national systems and processes; work with the Technical Review Panel and Grant Approvals Committee to ensure countries meet minimum expectations in funding requests or provide strong justification in the review and approval processes of funding requests and grants;
- Develop a road map to respond to in-country supply-chain challenges with a focus on improving availability of medicines and commodities to patients; develop operational quarterly measures and data collection mechanisms to monitor availability of medicines and commodities at country level;
- Refine and clarify expected outcomes of all the RSSH sub-objectives; update the indicators and measurement approach for improved monitoring and evaluation of RSSH sub-objectives and the related grant activities.

***Further reading:***

- *This audit report, Managing investments in Resilient and Sustainable Systems for Health 3 May 2019 (GF-OIG-19-011)*
- *OIG Global Fund Grants to Burkina Faso, 22 November 2017 (GF-OIG-17-024)*
- *OIG Global Fund Grants to the Federal Democratic Republic of Ethiopia 27 November 2017 (GF-OIG-17-025)*
- *OIG Audit of Global Fund Grants to the Republic of South Sudan 05 October 2015 (GF-OIG-15-016)*
- *OIG Global Fund Grants to the Republic of Côte d'Ivoire 14 December 2016 (GF-OIG-16-025)*
- *OIG Global Fund Grants in the Republic of Guinea 25 August 2017 (GF-OIG-17-018)*
- *OIG Global Fund Grants to Rwanda 25 February 2019 (GF-OIG-19-004)*
- *The Global Fund Strategy 2017-2022, Investing to end the Epidemics.*

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## 4. NEWS: Inspector General's annual report to the Global Fund Board describes 'strategic themes' – and the inevitability of risk

*Global Fund's response to that reality must continue to evolve, IG says*

**Adèle Sulcas** **29 May 2019**

The Inspector General, Mouhamadou Diagne, introduced his annual report to the Global Fund Board with, on the one hand, praise for the Fund's steady expansion of HIV treatment, progress towards malaria control or elimination, and high success rates in the treatment of tuberculosis, and on the other, by highlighting key areas that continue to require attention, namely program quality, finding missing TB cases, transition (and sustainability), and the need for an increased focus by the Global Fund on finding the right balance between short-term delivery needs and national implementers' longer-term capacity building.

Presented to the Global Fund's 41st Board meeting in Geneva on 15-16 May, the report also noted continued improvements in the Global Fund's own internal processes and systems, and that the Fund as an organization is increasingly maturing (alongside which the Fund needs to pay attention to managing stakeholder expectations).

However, he observed, the organization's increased maturity does not mean that risk will necessarily diminish or not materialize, as perpetual risk is in the nature of the Global Fund's work –in its delivery model and the environments in which it operates. "Risk-taking is inherent to the Global Fund's business," he said. "Thus risk-taking and its corollary, the inevitable materialization of adverse events, will remain a constant feature of the Global Fund's landscape." What needs to evolve, he goes on to say, is how the Global Fund manages and responds to that reality.

### Structure of the OIG annual report

The report contains concise sections on "the year at a glance" for each of the Global Fund and the OIG, on significant strategic themes, key operational processes, progress on the OIG's 2018 work plan, "looking ahead" to 2019's work plan, a summary of reports published in 2018, and a useful annex explaining the hierarchy of 'organizational maturity'.

This article will focus mainly on the OIG's own highlights, and summarizing the "strategic themes" the OIG has identified. Each strategic theme sub-section offers several country examples that illustrate specific assertions; for the sake of space, the GFO is omitting individual country examples in this article.

### OIG facts and figures

Introducing the figures relating to individual components of the OIG's work in 2018 (see Table 1 below) compared to the same figures from 2017, the OIG notes that apart from its "core assurance mandate" it is increasingly taking on advisory engagements, and has restructured its front office with the creation of a Professional Services Unit.

**Table 1: OIG Facts and Figures**

| OIG facts and figures | 2018 | 2017 |
|---|---|---|
| ▸ Reports issued | 25 | 28 |
| ▸ Agreed Management Actions created | 50 | 83 |
| ▸ Audit Reports published | 14 | 17 |
| ▸ Advisories completed | 2 | 1 |
| ▸ Total Allegations Received | 208 | 207 |
| ▸ Allegations from whistleblowers | 107 | 92 |
| ▸ Allegations from Secretariat | 35 | 55 |
| ▸ Investigation cases closed | 36 | 28 |
| ▸ Headcount at end of year | 44 | 47 |

*Source: The Office of the Inspector General 2018 Annual Report*

## Significant strategic themes

*01 The Global Fund Partnership is achieving significant impact:* Significant expansion of HIV treatment coverage, progress towards malaria control or elimination, TB treatment success. But the OIG noted "persistent challenges" related to the quality of services delivered, notably weaknesses in HIV diagnosis and adherence to national guidelines; HIV coverage for KAPs is still inadequate in some countries; retention and monitoring of HIV patients remains weak in some countries; limited integration of service delivery affects access to quality services.

*02 Finding the missing TB cases:* With TB now the biggest killer among infectious diseases (1.6m deaths each year), the WHO's estimate that about 3.6 million people with TB remain missing is especially noteworthy. The Global Fund, as the largest source of international financing for TB programs in the world (74% in 2018), is critical to the fight against this disease. While the OIG acknowledges that the complexity of the missing-TB-cases challenge, whose socio-economic and systems-related drivers are substantially out of the Global Fund's control, the OIG's audits in 2018 pointed out some related shortcomings in the context of Global Fund grants. These driving factors include underutilization of available technology (GeneXpert screening machines for case detection) and weak links with the private sector, meaning that although in some countries, a high proportion of TB patients (eg. 42% in

Kenya) initially the use private sector as the initial point of care, the private sector has not been actively engaged/tasked with TB diagnosis and treatment.

*03 Managing Transition and Sustainability of Global Fund grants:* Following the 2016 introduction of the Sustainability, Transition and Co-financing (STC) policy, the OIG's 2018 audit of Transition Management Processes recognized that the Secretariat had made significant progress in implementing the STC policy. The OIG's annual report points out "notable improvements' such as the allocation of dedicated resources, the enhancement of grant-making processes to fit the needs of transition portfolios, and tools developed to support transition planning and preparedness.

In addition, the report notes that Transition Readiness Assessments (or the equivalent) have been conducted for all transitions – countries and components – in the current allocation cycle. The challenges highlighted in the OIG audit pose "a significant risk to successful transition outcomes": limited political will, legal and cultural barriers (that affect particularly key populations' access), insufficient evolution of program governance mechanisms, and gaps in effective advocacy at senior government levels.

The OIG does comment on a couple of encouraging shifts: trends of increased country ownership, and increasing government commitments – but with gaps in actual investments by governments. The report also emphasizes that sustainable impact requires an increased focus on capacity building, especially in challenging operating environments where implementation performed by international NGOs in lieu of national entities is expected to build the capacity of national implementers (especially Ministries of Health) – but the capacity-building components are not being effectively implemented, the OIG says.

Finally, on balancing short-term delivery needs and long-term sustainability goals, the OIG acknowledges that building the capacity of national implementers is complex, with many factors out of the realm of the Global Fund's or implementing partners' control – such as in-country political will, leadership and commitment, and limited available human and financial resources. The OIG proposes that the Global Fund works with its current international implementers and countries' own entities to develop "more robust capacity-building roadmaps, with realistic timeframes, clear milestones and metrics to gauge progress and to measure success".

*04 Managing financial risks and changing fraud risk profile:* Looking at the chart (Figure 2: Changing Risk profile) that tracks the different kinds of financial irregularities identified in OIG investigations is revealing. The report acknowledges that OIG investigations have become more diverse over the years, "evolving in line with the financial and fraud landscape". For example, in 2014-2015, 80% of investigation reports looked into procurement fraud, and in 2018, just 20% (with increases in training- and supply-chain-related frauds, among others). Two areas of "emerging" fraud risk highlighted by the OIG (after their appearance in recent OIG investigations) are salary-kickback schemes (Nigeria investigation, 6 August 2018) and other current ongoing investigations into similar allegations in several countries) and programmatic data fraud (Guinea investigation, 30 October 2018).

### Key operational processes

This section of the OIG's report summarizes the findings from internal reviews carried out in 2018, and confirms "continued operational improvements and process optimization efforts within the Secretariat". Some key Global Fund business processes have already reached an 'embedded' stage of maturity (Finance; and Strategy, Partnerships and Fundraising). Specific topics covered here are risk management ("significant steps towards an embedded level of maturity"), sourcing and supply chain ("strategic direction being defined"), grant management ("key improvements made, significant challenges remaining"), information technology ("slow migration towards a strategic business enabler"), human resources ("tackling performance management"), and governance ("ongoing maturity journey").

### Progress on the OIG's 2018 work plan

Of the 19 audits in the OIG's 2018 work plan, all have been completed, with 14 already published, two published in Q1 of 2019, and three to be published in Q2. In addition, the OIG performed four advisory engagements in 2018, notably the resource-intensive analysis of grant implementation in West and Central Africa (see GFO article, 17 May 2019), which meant that two other planned advisories were postponed to 2019 and are currently in progress.

### 2019 work plan

The 13 country audits planned for 2019 will cover 24% of the 2017-2019 allocation, taking into account countries with "high residual risk factors" and/or large allocations. (2018 covered 51% of the period's allocation, bringing the OIG's total projected coverage for 2018-2019 to 75%.)

In addition, the OIG will launch at least 23 new investigations (19 of which are complaint-led and 4 of which are 'pro-active'), six internal audits, four advisory engagements, and will continue with six investigations carried over from 2018.

*Board Document GF-B41/08 (The Office of the Inspector General 2018 Annual Report) should be available shortly at https://www.theglobalfund.org/en/board/meetings/41/.*

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## 5. NEWS: Global Fund Secretariat and OIG report steady progress in the implementation of AMAs, but improvement still needed

*For the second time in a row, the Global Fund has reported an all-time low on open and overdue AMAs*

**Ann Ithibu** **28 May 2019**

The Global Fund has continued to make good progress in the implementation of Agreed Management Actions (AMAs), the jointly reached, time-bound 'next steps' that follow a country audit or investigation by the Office of the Inspector General (OIG). For the second year in a row, the Global Fund has reported an all-time low number of open and overdue AMAs, according to a joint progress report by the Global Fund Secretariat and the OIG. However, some of the AMAs remain overdue years after their original due date, with one going as far back as 2015.

The report, prepared for the Board meeting held on 15-16 May 2019 in Geneva, provided the status, the number and type of open and long-outstanding AMAs as of 31 January 2019 (with some updates only due by March 2019). This article highlights the report's most important points.

Agreed management actions (AMAs) are actions decided jointly by the Secretariat and the OIG to remedy a root cause of a dysfunction or challenge identified in the course of an audit or an investigation by the OIG. The OIG always assigns a completion deadline and a responsible official/department to oversee the implementation of each AMA.

The OIG labels AMAs as "open" if they are yet to be implemented or "overdue" if the AMA is still open after its due date. If the overdue AMAs are more than 90 days late, they become "long-outstanding". 'Very long overdue' refers to AMAs that are more than 180 days late. The AMAs remain open past their due date when some or all the activities underpinning the AMAs are incomplete.

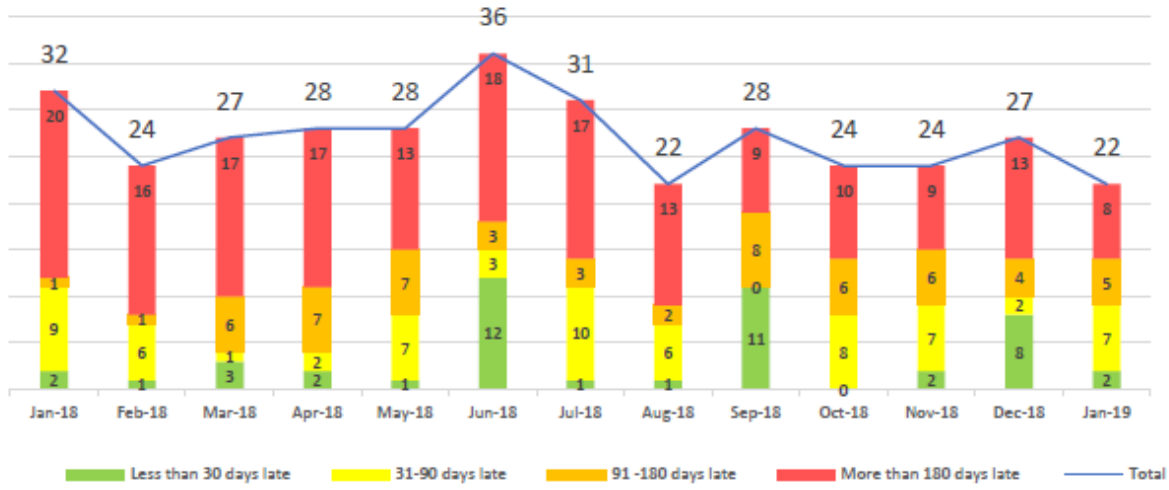
The report, on which this article is based on, highlights only specific AMAs that the Secretariat considers to be more appropriate or relevant to the Board. They include long-outstanding AMAs that warrant specific Board consideration and AMAs that are not yet due or long overdue but which the Secretariat highlights to signal their importance. The selection of the AMAs included in the report follows basic principles of materiality, risk and impact.

The previous report to the Board had indicated that 68 AMAs were open and 22 overdue (15 of which were long-outstanding) as of August 2018. Between August 2018 and the end of January 2019, the Secretariat had closed 35 AMAs. The number of open AMAs decreased to 62 from 68 – the lowest it has ever been since 2014 - while the number of overdue AMAs remained constant at 22. The long-outstanding AMAs (+90 days) decreased slightly from 15 to 13. The very long overdue AMAs (+180 days) decreased by five from 13 to eight.

(In a March update, overdue AMAs had risen to 27 while the long-outstanding AMAs had increased to 19. Open AMAs had also increased to 79.)

***Figure 1: Age of the overdue AMAs***

| | Less than 30 days late | 31-90 days late | 91 -180 days late | More than 180 days late | TOTAL |
|---|---|---|---|---|---|
| Grant Management | 2 | 6 | 3 | 3 | 14 |
| Soucing & Supply Chain | | | | 5 | 5 |
| Finance | | | 1 | | 1 |
| Other | | 1 | 1 | | 2 |
| TOTAL | 2 | 7 | 5 | 8 | 22 |




*Source: Joint Agreed Management Actions (AMAs) Progress Report (GF/B41/09)*

Of the 13 long-outstanding AMAs, seven were related to internal Secretariat processes while the other six were related to in-country operations.

Of the seven Secretariat-related AMAs, three AMAs focused on sourcing processes, two on management of high-risk operating environments, one on IT controls effectiveness, and the last one on assurance over in-country activities. The IT controls effectiveness AMA has since been closed, according to a March update included in the report.

Of the 6 country-related AMAs, two focused on improvements to in-country supply chain and four on the quality of services.

Below is a detailed description of the long-outstanding AMAs and the current AMAs presented to the Board for consideration.

### Country-related long-outstanding AMAs

*In-country supply chain*

The Secretariat had agreed to develop a comprehensive strategy that would address all the significant supply-chain health-system issues identified in the audit of the Global Fund's in-country supply chain processes. The report indicated that the strategy was still under development. As a result, the overall direction and plans to strengthen supply-chain systems remain unclear, as indicated in the report.

The Secretariat had also agreed to restructure the Sourcing and Supply Chain Teams and to define the oversight arrangements for procurement and supply chain management. The report indicated that activities to support this action started early 2019; it was originally due on 30 June 2018. *(Editor's note: the new Head of Sourcing and Supply Chain only took office in October 2018.)*

### *Quality of service*

Quality of services remains a major challenge in the implementation of grants; the OIG has noted persistent challenges related to quality of services across the different portfolios.

The four long-outstanding AMAs target three countries - Ethiopia, Tanzania and Zambia - and mainly relate to gaps in:

- Information systems and data reliability challenges (Zambia and Ethiopia)
- Monitoring and evaluation systems, and establishing integrated and effective supervision at various tiers (Zambia and Ethiopia)
- Timely and effective risk and assurance planning (Ethiopia)
- Quality of services including access by key populations (Tanzania and Ethiopia)

## Secretariat-related long-outstanding AMAs

### *Sourcing processes*

The three long-outstanding AMAs seek to improve processes related to forecasting and strategic initiatives such as wambo.org. Of the three, one AMA relates to an automated platform to aggregate the individual drugs forecasts for the three diseases. This is the oldest AMA and has been overdue since 30 September 2015. *(Editor's note: The Secretariat had not responded to the GFO's request for comment by the time of publication.)*

Another AMA focused on the development of a wambo.org implementation plan, while the last AMA sought to strengthen controls and data systems for consultant management.

Most of the activities under these AMAs are contingent on the reorganization of the Sourcing and Supply Chain department of the Global Fund. The reorganization aims to clarify the roles, responsibilities and accountabilities for all involved in the Sourcing and Supply Chain function. The Secretariat planned the reorganization for the first quarter of 2019.

### *Management of high-risk operating environments*

As an AMA, the Secretariat has developed an Operational Policy Note (OPN) for the Additional Safeguards Policy (ASP) that clarifies the process for classification of countries as Challenging Operating environments (COEs). They have also developed a system to track countries under the ASP, among others. This Operational Policy Note came after the OIG noted that the Secretariat lacks consistency in how it classifies or identifies high-risk countries. It also lacks systems to track and monitor countries with additional safeguards and to transition countries from the ASP. A 2017 OIG audit of grant management in high-risk

environments revealed that only two countries have transitioned from the Additional Safeguard Policy (ASP) since 2004.

The Secretariat still needs to revise the existing OPN to reflect changes in the Global Fund's risk management approach:

### *Assurance over in-country activities*

According to the report, current external audit arrangements do not provide reasonable assurance on the adequacy and operational effectiveness of the internal controls of Principal Recipients (PRs). The Secretariat had agreed to revise the auditing guidelines to strengthen the review of internal controls as part of the external audit by the end of September 2018. However, the Secretariat is yet to finalize the guidelines; as of January 2019, the guidelines were undergoing internal review.

## Challenges to timely AMA implementation

The report indicated that the Secretariat implemented only 31% of AMAs on time between 1 January 2017 and 31 December 2018 (though 86% of AMAs were ultimately completed, on time or later).

AMAs may become overdue for various reasons, including:

- Changing political environment in the affected countries: for instance, in Tanzania, the Global Fund deferred an evaluation of key and vulnerable population programs due to heightened tensions in the country with respect to key populations;
- Some of the AMAs are beyond the control of the Global Fund: for instance, delays in the implementation of an AMA in Zambia were due to significant structural and staffing changes at the Ministry of Health;
- Developments at the Global Fund: e.g. recent changes in the Global Fund's approach to risk management have delayed the revision of the Operational Policy Note on the Additional Safeguards Policy (ASP);
- Some AMAs turn out to be more complicated than originally envisioned.

## Current AMAs for special consideration

Current AMAs reported to the Board for special consideration focused on:

### *Program quality*

Program quality is a key risk in the organizational risk register and is also one of the three grant-facing risks that the Global Fund has prioritized to reduce the risk appetite framework. The report includes four AMAs related to program quality that target three countries: Kenya (2 AMAs), Mozambique (1) and Zambia (1).

### *Monitoring and evaluation systems (M&E), data availability, quality and use*

Data quality is also one of the key grant-facing risks prioritized in the organizational risk appetite framework. The report includes two AMAs related to the quality of data, which aim to strengthen M&E systems in Mali.

*Grant-related fraud and fiduciary controls*

Strong financial management systems and controls are key for effective grant implementation. The report includes two AMAs for Nigeria and Papua New Guinea (one each) that seek to address gaps in the financial management systems and controls.

*Quality of health products*

The report includes a single AMA assigned to the Secretariat that seeks to address weaknesses in the quality assurance processes for health products.

*Transition*

The Secretariat agreed to reinforce its approach of monitoring transition grants by providing formal guidance to Country teams. The Grant Management Unit is in charge of the implementation of this AMA.

*Internal operations*

The single AMA related to the internal operations addresses improvements in Secretariat processes related to data governance, accountability and ownership for data quality.

*Integrated grant policies, processes, systems and data*

The Secretariat-owned single AMA seeks to tailor internal resources and processes for focused portfolios to maximize impact.

*Risk management and internal controls*

The single AMA, assigned to the Secretariat, aims to identify and prioritize the key controls within the Global Fund policies and procedures and to develop a mechanism for measuring and reporting on their compliance.

*Board Document GF/B41/09, Joint Agreed Management Actions (AMAs) Progress Report, should be available shortly at **www.theglobalfund.org/en/board/meetings/41***

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## 6. OF INTEREST: 72nd World Health Assembly, and other news of interest to the Global Fund partnership

*WHA 72, and Médecins sans Frontières calls attention to transition-related procurement challenges*

**Adèle Sulcas** **29 May 2019**

## DECISIONS AT THE 72nd WORLD HEALTH ASSEMBLY

The 72nd World Health Assembly, the annual meeting of WHO's 194 Member States, took place in Geneva from 20 to 28 May. The outcomes of the meeting included agreeing a new global strategy on health, environment and climate change; the adoption of "a landmark agreement" to enhance the transparency of pricing for medicines, vaccines, and other health products; a decision to accelerate and scale up action to prevent and treat non-communicable diseases; three resolutions on universal health coverage (UHC), regarding primary health care, the importance of community health workers, and the upcoming High-Level Meeting on UHC in September; an agreement on a common approach to anti-microbial resistance; the establishment of World Patient Safety Day (17 September every year); the establishment of World Chagas Day (14 April every year), to recognize this neglected tropical disease that affects 6-7 million people every year; the declaration of 2020 as the Year of the Nurse and the Midwife; the adoption of the 11th Edition of the International Classification of Diseases; and the announcement of four new goodwill ambassadors for the promotion of global health: President Ellen Johnson Sirleaf, Cynthia Germanotta (aka Lady Gaga's mother), Brazilian soccer star Alisson Becker, and Dr Natalia Loewe Becker.

But, as WHO Director-General Tedros Adhanom Ghebreyesus tweeted on May 26: "The ultimate outcome of our work this week is not resolutions and decisions. We all have a duty to make sure the decisions we make this week take root in our countries and our communities."

Dr Tedros's headline messages in his closing remarks to the Assembly on 28 May 2019 were: "Celebrate our achievements. Commit to the work ahead of us. Keep ourselves accountable." He highlighted the resolutions taken, the agreements adopted and the commitments made, and drew particular attention to the recent attacks on Ebola responders in DRC, highlighting that "Ebola is more than just a health crisis," which needs a "coordinated and strengthened effort across the UN system" and all stakeholders, as well as political leadership, if it is to end – a statement that could well be applied to all activities in the global health arena.

He also highlighted WHO's own transformation efforts to become "more modern, responsive, and effective," including its new Science division, its emphasis on support to Member States to "maximize the opportunities of digital technologies," establishing "agile teams to break the siloes and work on cross-cutting issues," and the establishment of the WHO Academy, to train WHO staff and public health professionals worldwide.

Read the full news releases from the WHO...

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## OP-ED IN WHO BULLETIN HIGHLIGHTS PROCUREMENT CHALLENGES FOR COUNTRIES TRANSITIONING FROM GLOBAL FUND SUPPORT

In a recent edition of the Bulletin of the World Health Organization (volume 97, number 5, 2019), published before the Global Fund's mid-May Board meeting and WHO's late-May World Health Assembly, International Medical Secretary of Médecins sans Frontières Mercedes Tatay and the Access Campaign's Els Torreele wrote an opinion piece calling on the Global Fund and the WHO – in addition to other partners, governments, donors, and countries – to take "joint action" in order to ensure the availability and affordability of quality medicines and tools to address HIV/AIDS, TB and malaria. The shift to increased national procurement, she writes, "risks sacrificing the lower prices, quality assurance and sustainable supplies that come with Global Fund Procurement.

Writing on behalf of Médecins Sans Frontières, Tatay and Torreele calls all stakeholders to action: "We suggest that the Global Fund, its partners and governments should undertake several steps to address this issue. The Global Fund should conduct risk and readiness assessments for countries shifting to national procurement, exempting them from such co-financing commitments if problems are identified. Donor countries should meet funding targets of the Global Fund, support affected countries in establishing strong procurement practices, and fund mechanisms that help countries optimize procurement. Countries should also revise their procurement requirements to allow the use of global and pooled mechanisms for certain life-saving products. Lastly, national tenders should adopt quality assurance requirements."

Read the full article from the WHO Bulletin...

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