# Global Fund Observer

NEWSLETTER

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2. NEWS: Kyrgyzstan's program continuation funding request to the Global Fund provides little information on the proposed program

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3. NEWS: Mozambique submits $513.1 million TB/HIV funding request to the Global Fund

**BY GEMMA OBERTH**
On 23 May 2017, Mozambique submitted a full review TB/HIV funding request for $513.1 million. The country is one of the Global Fund's largest investment portfolios, with the fourth largest disease allocation and the third largest catalytic funding opportunity. The funding request proposes a significantly scaled-up key populations program, to be implemented by two new civil society principal recipients.

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**BY DAVID GARMAISE**

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In a report on its audit of grants to Haiti, the Office of the Inspector General said that the Secretariat and the principal recipient have designed financial assurance and implementation arrangements to ensure efficient and effective use of grant funds. However, the OIG stated, there are inadequacies in the way programs are assessed and in related capacity building. Together with other factors such as delayed signing of sub-recipient contracts, the OIG said, this "may have contributed to low programmatic performance in the first year of grant implementation."

6. NEWS: Six African countries classified as challenging operating environments craft tailored funding requests to the Global Fund

**BY GEMMA OBERTH**

Aidspan has obtained draft HIV and TB funding requests from six African countries classified by the Global Fund as challenging operating environments (Eritrea, Liberia, Guinea, Central African Republic, South Sudan and Somalia). Civil wars, famines and post-Ebola realities require flexible approaches in these countries. A number of innovative and adaptive interventions are prioritized to respond to the diseases in such difficult circumstances.

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**BY DAVID GARMAISE**

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**BY AIDSPAN STAFF**

The Global Fund has issued two requests for proposals related to improving the engagement of civil society and communities in Fund programs and processes.

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### 1. NEWS: Kenya's TB/HIV funding request to the Global Fund zeros in on HIV prevention among key populations and on finding missing TB cases

*Innovative approaches are prioritized at community level*

Gemma Oberth 13 June 2017

Kenya was among the 35 countries that submitted funding requests to the Global Fund in Window 2 on 23 May 2017. Kenya's TB/HIV funding request was for $421.9 million, made up of a $256.4 million allocation request, $138.9 million prioritized above-allocation request (PAAR) and a $26.6 million matching funds request. A $112.0 million malaria funding request was submitted on the same day ($60.1 million within allocation and $51.9 million PAAR). Both funding requests were full reviews, in accordance with the Global Fund's new differentiated application process.

"The Funding Request application was jointly developed by an all-inclusive funding request secretariat and writing teams with representatives from national and county governments, civil society organizations, persons living with or affected by HIV, TB and malaria, key populations, adolescents and young people, development and implementing partners, among other stakeholders," reported a local news outlet.

The HIV portion of Kenya's TB/HIV funding request is expressly aligned to the country's HIV Prevention Revolution Roadmap. The Roadmap takes a location- and population-specific approach, tailoring the package of interventions based on the target group and county-level disease burden. The funding request indicates that following the Roadmap is modelled to realize significant efficiency gains, averting an estimated 1,149,000 new HIV infections and 772,000 AIDS-related deaths by 2030 – at no extra cost.

The funding request is also strongly informed by the country's recent TB prevalence survey; a high-level results summary was released just a month prior to the submission deadline. The survey revealed that the prevalence of TB is much higher than previously thought, at 558/100,000 population, suggesting that a lot of cases are being missed. The burden of TB in men is twice as high as it is in women (809/100,000 compared to 395/100,000) and the majority of TB cases (83%) occur in people who are *not* living with HIV.

HIV prevention among key populations and finding missing TB cases are heavily prioritized in Kenya's request. Between the allocation, the PAAR and matching funds, $65.9 million is requested for these priorities. The PAAR activities focus on improving the quality of services provided and strengthening national coordination structures.

The rationale for a focus on key populations and finding missing TB cases is supported by the evidence. The funding request underscores the elevated HIV prevalence among Kenya's key populations, estimated to be 29.3% among sex workers, 18.2% among men who have sex with men (MSM) and 18.3% among people who inject drugs (PWID). These levels are 3-5 times greater than the national average (5.6%). The request also places considerable emphasis on new data from the TB prevalence survey, which revealed that about 40% of all TB cases in the country go undiagnosed.

To address these issues, Kenya proposes several innovative interventions. For key populations, HIV self-testing and pre-exposure prophylaxis (PrEP) is included. Tailored packages for young key populations and support for the children of key populations are also prioritized. To improve TB diagnostic capacity, the country proposes innovative synergies with other disease programs. For example, the National TB and Leprosy Program plans to work with the malaria program on the placement of light-emitting diodes (LED) (which will be procured through the malaria program) to phase out light microscopes. It will also seek to procure GeneXpert cartridges in joint partnership with the HIV program.

Additional investments in these areas are contained in the country's matching funds request. It is important to note that Kenya is eligible for the largest amount of matching funds of any country. This includes $10 million for key populations and $6 million for finding missing TB cases. The country also applied for matching funds for adolescent girls and young women and to remove human rights-related barriers.

The matching funds request focuses heavily on strengthening new and existing national networks of key populations, enabling them to lead the design and delivery of their own programs. This is in line with the latest global normative guidance on implementing comprehensive HIV programs among key populations (the "MSMIT", "SWIT", "IDUIT" and "TRANSIT"), which emphasizes the importance of fostering programs led by key populations themselves.

To catalyze TB case finding, Kenya requested matching funds to enable a pay-for-performance approach for motivating health facility management to implement TB case finding activities. Kenya also proposes to establish a County Innovation Challenge Fund for community actors to develop and implement innovations to reach clients with low access to TB care.

Supporting the delivery of the proposed interventions, Kenya's funding request contains several interventions aimed at building resilient and sustainable systems for health (RSSH). In particular, many of the proposed activities are geared towards strengthening various aspects of the "COMBO" project, a localized investment case approach that enables individual counties to achieve allocative efficiencies in their HIV and TB responses.

Plans to sustain the proposed Global Fund investments are already underway in the country. The forthcoming Kenya Health Financing Strategy (KHFS) is focused on raising domestic

resources for health, aiming for 83% of total health expenditure to be pooled from local sources (government plus social insurance) by 2030. Classified as a middle-income country by the World Bank (since October 2014), Kenya must now make extra sustainability assurances to the Global Fund. The funding request heralds the KHFS as a key strategy in this regard.

The need for better sustainability planning in Kenya is clear. “Compared to the country’s last concept note, the allocation for this funding request was drastically reduced,” says Nelson Juma Otwoma, National Coordinator of the National Empowerment Network of People living with HIV/AIDS in Kenya (NEPHAK). “In addition, the government has not been very clear on their contribution,” he said. Otwoma is a member of Kenya’s country coordinating mechanism, representing people living with and affected by the diseases.

The Technical Review Panel (TRP) is expected to meet from 19-28 June 2017 to review funding requests submitted in the May 2017 window. The TRP’s response to Kenya’s funding request is anticipated in early July.

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## 2. NEWS: Kyrgyzstan’s program continuation funding request to the Global Fund provides little information on the proposed program

*The request does not explain what changes will be made in light of Kyrgyzstan’s significantly reduced allocation*

Tina Zardiashvili and David Garmaise 13 June 2017

There is little information in the TB/HIV funding request submitted by the Kyrgyzstan country coordinating mechanism (CCM) on the program that the applicant proposes to implement. And there is almost no information on how Kyrgyzstan plans to cope with an allocation that is significantly lower than what it received for 2014-2016.

The CCM submitted a program continuation request for TB/HIV on 20 March 2017 (Window 1). The request was for $23,470,014 ($11,266,362 to HIV and $12,203,653 for TB). This matches the allocation that Kyrgyzstan received for 2017-2019. The split between HIV and TB matches the indicative split provided by the Global Fund. The CCM is proposing that the new grant run from 1 January 2018 to 31 December 2020 and that the current principal recipient, UNDP, be retained.

The Technical Review Panel (TRP) has reviewed the funding request and has recommended that it proceed to grant-making. Aidspan understands that the Secretariat would like to see grant-making completed by 1 September 2017.

Kyrgyzstan TB/HIV was one of 93 funding requests submitted in Window 1, 78 of which used a program continuation approach. There is a separate template for these requests. By

definition, the program continuation approach should be used only when there is no "significant change" being proposed compared to the existing grant. (The Fund also uses the term "material change" to mean the same thing.) Changes and additions to the program are permitted as long as they are not significant. Aidspan understands that a full proposal and budget will be prepared only after the request advances to grant-making.

The funding request states that the new grant will have "essentially" the same goals and strategic objectives as the current grant. It also says that the new grant will have similar program interventions.

For HIV, the priority areas for both the current grant and the new grant are (a) prevention programs for people who inject drugs, sex workers, men who have sex with men, and prisoners; (b) treatment, care and support; and (c) "creating an enabling environment and program sustainability." Aidspan believes that this last priority area is meant to include transition planning and promoting an enabling environment for the transition. The priorities of the TB program are diagnosis and treatment of drug-resistant TB, and development of TB community care services.

### Proposed changes to the program

The funding request does contain some information about the proposed program and the implementation modalities.

**The new program** will implement the updated national drug-resistant TB guidelines, which include the provision of new TB drugs and shortened treatments regimens. Diagnostics will also follow the updated algorithms.

The new grant will follow the latest guidelines from the World Health Organization (WHO) which call for antiretroviral treatment (ART) to be initiated immediately upon diagnosis. The current grant uses the old guidelines (i.e. initiating ART when viral load falls below 500). The funding request does not provide an estimate of how many additional patients will be treated under the new guidelines. Nor does the request explain how the grant will manage to treat an increased number of people with ART given the significant decrease in Kyrgyzstan's allocation.

The funding request states that specific activities will be implemented in an effort to remove legal barriers to human rights-oriented services implemented by NGOs, but the activities are not identified. (The request states the CCM will be applying for $1 million in matching funds that the Global Fund has earmarked for Kyrgyzstan for programs to remove human rights–related barriers to health services.)

The changes to the TB program reflect the focus of the national strategic plan on shifting from hospital to ambulatory care services. The new program will implement the updated national drug-resistant TB guidelines, which include the provision of new TB drugs and shortened treatments regimens. Diagnostics will also follow the updated algorithms.

The funding request acknowledges that there are some challenges related to the integration of TB and HIV services, as both programs are still managed vertically. The request states that the current grant made some progress in integrating these services; and that these efforts will

continue in the new grant. In particular, the diagnosis of TB among HIV patients will be improved, as will the quality of TB treatment for people living with HIV. Finally, the new grant will more thoroughly measure TB success rates among HIV patients.

In the new grant, both disease components will pay more attention to the strengthening of the health information systems, particularly to segregated data collection (gender, age, etc.). The funding request did not provide details.

The funding request provides some information about elements of transition preparedness, such as reform of the CCM and capacity strengthening of the Ministry of Health (MOH). The request states that the current grant has made some progress in developing social contracting mechanisms and that this process will be continued in the new grant. ("Social contracting" refers to setting up mechanisms in government departments to contract civil society organizations [CSOs] to provide services.)

> **It is obvious** that a reduction in the order of 20-28% in the budget for the two programs combined means that the activities and expenditures cannot remain completely unchanged and, therefore, that the new grant cannot literally be seen as a continuation of the activities of the current grant.

"We expect the government to approve legislation by the end of this year and to begin designing the social contracting mechanisms so that they can be tested in 2019, when the government assumes responsibility for funding prevention services," Aibar Sultangaziev told Aidspan. Sultangaziev is the Director of the Partnership Network (also known as the Harm Reduction Association Network), and one of the CSO representatives on the technical working group that wrote the funding request.

The funding request states that by the end of the new grant, the MOH will have sufficient capacity to assume the responsibilities of principal recipient, including contracting CSOs to provide services to key populations, and purchasing health products and other supplies. More detailed information is contained in Kyrgyzstan's transition plan, a copy of which was attached to the funding request.

The funding request states that the coverage and targets of the current programs will be amended and recalculated during the grant-making process.

**Reduced allocation**

The allocation that Kyrgyzstan received for 2017-2019 was significantly reduced from the allocation it received for 2014-2016. According to the funding request, on a per year basis the 2017-2019 allocation for TB and HIV combined is about 20% lower than the 2014-2016 allocation. *(Editor's note: Aidspan calculates that the per year reduction is actually about 28%, not 20%. Either way, it is significant.)*

Even if the strategic directions in the new grant remain essentially unchanged and the interventions are not modified significantly, it is obvious that a reduction in the order of 20-28% in the budget for the two programs combined means that the activities and expenditures

cannot remain completely unchanged and, therefore, that the new grant cannot literally be seen as a continuation of the activities of the current grant.

"Even in continuation format, some changes in the design will be unavoidable," Sultangaziev explained. "Because the program budget is reduced, it will not be possible to meet the same objectives with less money. So, some activities will be cut and those that remain will have to become more efficient. We are planning to provide more details in the full proposal."

It should be noted that there is a question on the program continuation template asking if there has been a significant reduction in the allocation. Where there has been a significant reduction, the applicant is asked to provide an explanation on how the scope of the program will be maintained or increased and what the alternative sources of funding are to maintain or increase the current level of coverage. When it responded to this question, the Kyrgyzstan CCM provided very little information.

With the exception of this one question, the program continuation template does not specifically ask the applicant to describe the program that is being proposed or to describe any changes or additions to the programs covered by the current grant. The template is short and relatively simple. It contains only six sections, asking the applicant to (1) update the epidemiological context; (2) describe the revisions to national policies and strategies; (3) explain how the current program continues to be relevant and on track to achieve results and impact; (4) demonstrate how the current program aligns with the Strategic Objectives 2 and 3 of the Global Fund Strategy 2017-2022 (i.e. regarding resilient and sustainable systems for health [RSSH], and human rights and gender equality, respectively); (5) describe the effectiveness of the current implementation approaches; and (6) discuss sustainability, transition and co-financing.

**The TRP recommended** that in future program continuation applications not be used by applicants whose allocation was significantly reduced. In these situations, the TRP said, the tailored-to-material-change applications should be used instead.

The section on sustainability, transition and co-financing (Section 6) contains the question about a reduction in the allocation. The only other question in this section concerns whether there are any changes in domestic or international financing. The applicant is not specifically asked to describe plans for sustainability or transition.

In its recent comments on the Window 1 applications, the TRP recommended that in future program continuation funding requests not be used by applicants whose allocation was significantly reduced. In these situations, the TRP said, the tailored-to-material-change applications should be used instead (see GFO article).

Viorel Soltan, who is a WHO consultant and who was the leader of the team that developed Kyrgyzstan's funding request, said that he wonders why a TRP review was required for the program continuation proposals. "In my opinion, the TRP was placed in a situation, where basically all they had to was to confirm the continuation," he said. "Otherwise, there was no way to complete the grant-making process in a timely fashion and ensure no disruption in the provision of services."

*__Editor's note:__ Although the program continuation funding request does not specifically solicit information on the contents of the proposed program, applicants could still provide such information if they chose to. We reviewed a program continuation funding request from Zanzibar for an article we published in GFO 310 on 27 April 2017. That request contained considerable information about what Zanzibar was proposing be included in the new grant. We have not reviewed a sufficient number of program continuation funding requests to discern if there are any patterns. The Secretariat does not make the funding requests public until much later in the process, so we have to ask individual CCMs if they will release a copy to us. Not all CCMs are prepared to do so.*

### The process of developing the funding request

The process of developing the funding request was facilitated by the CCM secretariat. It created a working group which consisted of eight technical experts, four for each component (TB and HIV). Each person was assigned an area of responsibility. This technical working group was headed by a representative of the World Health Organization. Two people represented CSOs and communities, one for HIV and one for TB.

> **The program continuation format** is seen as both a strength and a weakness: It has simplified the application, but this just postpones the main challenge, which involves coping with a significantly reduced budget and making hard decisions about which interventions will be curtailed or entirely eliminated.

The representatives were selected by participants in the country dialogue group. This is a virtual, online group which was established at the beginning of the 2014-2016 funding cycle. There are about 100 people in the group, including both individuals and representatives of CSOs and community groups. The country dialogue group functions via an email listserv. It has its own facilitator, who is a volunteer chosen from among the members of the group. The CSO representatives in the country dialogue group were responsible for organizing two-way communications – i.e. providing feedback to their constituents and reflecting the views of these constituents back to the country dialogue group.

In addition to selecting the members of the technical working group, the country dialogue group discussed what the priorities of the funding request should be. Although the communication was predominantly virtual, the CSOs also organized an in-person workshop, where participants met with the technical working group to exchange ideas.

### Feedback on the funding request

Aidspan interviewed several CSO representatives to find out what they thought of the funding request itself and the process of developing the request.

There was a general consensus that the format of the funding request template was clear and easy to follow. But several people pointed out that the simplicity of the format might create tensions down the road because the template does not ask for information about the budget

and does not require detailed information on the proposed program. Therefore, the simplicity of the program continuation format is seen as both a strength and a weakness for Kyrgyzstan: It has simplified the application, but this just postpones the main challenge, which involves coping with a significantly reduced budget and making hard decisions about which interventions will be curtailed or entirely eliminated.

For this reason, many of the people we talked to said that it is too early to evaluate the funding request properly. Sultangaziev stated, "We still have to work on the content-related details later, in the full proposal. At least we will be able to "borrow" from the contents of Kyrgyzstan's transition plan which is more detailed than the funding request."

Opinions varied when it came to the process of engaging communities in the development of the program continuation funding request. Some respondents said that the consultations could have been more productive. Daniyar Orsekov, Executive Director of the LGBTI community-based organisation, Kyrgyz Indigo, explained that "the process of consultations with communities was transparent, much more transparent and improved than few years ago. If we compare the process with the past, it was better; if we compare to how it should be done ideally, it was below average."

"The limited time [between December 2016 and March 2017] for organizing the consultations with CSOs and KAPs [key affected populations] has definitely decreased the quality of the discussion," said Sergei Bassenov, Executive Director of the Harm Reduction Network in Kyrgyzstan. "It was fortunate that some key populations insisted on having an in-person workshop, which turned out to be very effective."

The feedback Aidspan received from people who were involved in the development of the funding request suggests that the consultation process was not ideal. Some people mentioned that country dialogue members were not always prompt when responding to requests and comments, and were not always willing to provide comments or share feedback. Others were skeptical about the need to comment because they felt that the consultations were a formality and that the main decisions had already been made.

However, Evgeniya Kalinichenko – who is Executive Director of the Country Network of People Living with HIV; a representative of the PLWH community on the CCM; and deputy chair of CCM – said that the consultations were inclusive and transparent. "All voices were heard and taken into consideration," she said, "Most CSOs agree with the priorities outlined by the continuation proposal, but we have serious concerns about the reduction of the allocation and the ability of the government to bridge the gap."

All stakeholders understand that the reductions in the budget for the new grant might be quite painful for some CSOs serving as sub-sub-recipients. They may find it difficult to find alternative sources of funding to allow their organizations to survive.

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## 3. NEWS: Mozambique submits $513.1 million TB/HIV funding request to the Global Fund

*Two new civil society PRs will support the implementation of a significantly scaled-up key populations program*

Gemma Oberth 13 June 2017

On 23 May 2017, Mozambique submitted a full review TB/HIV funding request for $513.1 million. Of this amount, $335.0 million constituted a within allocation request, $160.0 million was a prioritized above-allocation request (PAAR) and $18.1 million was a matching funds request.

Mozambique's total allocation for the three diseases ($502.9 million) makes it the Global Fund's fourth largest investment portfolio (behind Nigeria, Tanzania and the Democratic Republic of Congo). Mozambique will receive 4.9% of the Global Fund's country-level funding over the 2017-2019 funding cycle.

In addition to having one of the largest country allocations, Mozambique is also eligible for the third largest amount of matching funds (after Kenya and Indonesia). An amount of $19.7 million was made available to the country on top of its allocation, for human rights-related barriers ($4.7 million), adolescent girls and young women ($6.0 million), finding missing TB cases ($6.0 million) and data systems, data generation, data use ($3.0 million).

The significant levels of Global Fund investment in Mozambique are a result of high disease burden and low ability to pay (see GFO story on the 2017-2019 allocation methodology). According to global estimates, Mozambique has an adult (ages 15-49) HIV prevalence of 10.5% and a TB incidence of 551/100,000 population, placing the country among the top 10 in the world for both indicators (see the table).

**Table: Top 10 Countries for HIV Prevalence and TB Incidence, 2015**

| No. | Top 10 countries for HIV prevalence | Top 10 countries for TB incidence |
|---|---|---|
| 1 | Swaziland (28.8%) | South Africa (834/100,000) |
| 2 | Lesotho (22.7%) | Lesotho (788/100,000) |
| 3 | Botswana (22.2%) | Swaziland (565/100,000) |
| 4 | South Africa (19.2%) | North Korea (561/100,000) |
| 5 | Zimbabwe (14.7%) | **Mozambique (551/100,000)** |
| 6 | Namibia (13.3%) | Kiribati (551/100,000) |
| 7 | Zambia (12.9%) | Timor-Leste (498/100,000) |
| 8 | **Mozambique (10.5%)** | Namibia (489/100,000) |
| 9 | Malawi (9.1%) | Gabon (465/100,000) |
| 10 | Uganda (7.1%) | Papua New Guinea (432/100,000) |

*Sources: UNAIDS and WHO*

Mozambique is heavily dependent on external funding partners to finance its response to the two diseases. One study (published in *The Lancet*) estimates that by 2018, Mozambique will be able to cover about 5% of its total HIV program needs with domestic resources – up from a baseline of 2% in 2013.

The bulk of Mozambique's funding request ($201.4 million or 61%) is dedicated to HIV treatment, care and support. A further $92.9 million was requested for antiretroviral medicines (ARVs) in the PAAR. Aidspan has previously reported that all HIV treatment in Mozambique is funded by external donors, with approximately 48% coming from the Global Fund and the remaining 52% from the U.S. Government (see GFO article).

The country also requested a substantial amount – $18.3 million – for the prevention of mother-to-child transmission (PMTCT). By comparison, neighbouring Zambia requested $3.4 million for PMTCT and Zimbabwe just $1.8 million in their recent funding requests (see GFO articles here and here). Mozambique's funding request notes that vertical transmission is a major avenue for new HIV infections in the country, accounting for over 13% of all new infections in 2016. Transmission to newborns currently stands at 11.1% in Mozambique, which is far higher than in Zambia (5.8%) and Zimbabwe (5.2%).

As noted, Mozambique's funding request is highly commoditized. Despite these constraints on the allocation, the country requested $11.5 million for comprehensive HIV prevention programs for key populations, including activities for men who have sex with men (MSM), sex workers, people who inject drugs (PWID) and prisoners. The funding request is very explicit about its targets and remaining gaps for key populations, which not many countries are able to do in the absence of reliable size estimates. The proposed investment aims to reach and provide services to 20,000 MSM, 75,301 sex workers, 3,833 PWID and 2,249 prisoners, achieving coverage of 37%, 63%, 91% and 98%, respectively.

The proposed investment in key populations is significantly higher than what was in Mozambique's last funding request. For the 2014-2016 funding cycle, the country requested $0.8 million for MSM and $2.8 million for sex workers. No funding was requested specifically for PWID or prisoners. In order to deliver such a scaled-up key populations program, Mozambique's funding request specifies changes to the implementation arrangements, adding two new civil society principal recipients (PRs): Centro de Colaboração em Saúde (CCS) and Associação dos Empresários Contra SIDA, TB e Malária (ECOSIDA). The funding request states that these new PRs are experienced in working with key and vulnerable populations, especially where coverage of services has been low. Mozambique will now have four PRs, with CSS and ECOSIDA joining the Ministry of Health and the existing civil society PR, Fundação para o Desenvolvimento da Comunidade (FDC).

The funding request notes that activities for TB key populations (such as prisoners, miners and health care workers) are largely covered by other funding sources. For instance, Mozambique's Ministry of Health is supporting the expansion of TB and HIV screening from the current 19 prisons to cover all 84 prisons, using mobile vans with digital chest x-ray and on-site GeneXpert Omni testing. The World Bank is funding a TB and HIV package of interventions among miners and their communities in Gaza and Maputo provinces, from 2016

to 2021. Systematic TB and HIV screening of health care workers (including non-governmental ones) as well as training on infection control principles is supported, in large part, by Jhpiego and the World Bank.

Among the TB case detection strategies for the general population, Mozambique's funding request proposes scale-up of the "FAST" strategy (**F**ind cases **A**ctively, **S**eparate safely, and **T**reat effectively). The country requests funding to train 1,650 additional "cough officers" who will be placed in 550 selected health facilities. The current cough officers, along with lay health workers and community level activists, currently contribute roughly 5% of cases detected and notified at facility level. With the added investment, the country expects this to increase to 15%.

Bolstering the proposed investments in HIV and TB, Mozambique requested $39.1 million for resilient and sustainable systems for health (RSSH). This is greater than what was dedicated to RSSH in the 2014-2016 allocation period, which was $30.8 million according to the country's allocation letter.

The largest portion ($8.7 million) of the funding requested for RSSH is dedicated to strengthening procurement and supply chain management systems (PSM). The requested funding will go towards rehabilitating and expanding regional medicine storage facilities in Beira and Nampula to serve the North and Central regions of Mozambique, while also refurbishing and equipping eight provincial-level storage facilities that are currently in critical condition. The country also proposes outsourcing drug transportation to decentralized levels in order to ensure more timely availability of essential medicines at health facilities.

The high levels of proposed investment in PSM are warranted by significant challenges with drug stock levels in Mozambique. A November 2015 report from Médecins Sans Frontières (MSF) indicates that although stable HIV patients are supposed to receive three-month ART refills, national supply insecurity in Mozambique often prohibits this. Indeed, MSF found that 41% of facilities they monitored reported at least one stock-out of ARVs in the first half of 2015.

The Technical Review Panel (TRP) is expected to meet from 19-28 June 2017 to review funding requests submitted in the May 2017 window. The TRP's response to Mozambique's funding request is anticipated in early July.

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## 4. NEWS: Global Fund advertises executive director position on *The Economist*'s Jobs Board

David Garmaise 13 June 2017

The position of executive director of the Global Fund has been posted on the online Jobs Board on the website of the news magazine, *The Economist*. The announcement, which can be found here, was first posted on 9 June 2017.

The closing date for applications is 21 July 2017.

The announcement indicates that the Global Fund has retained Russell Reynolds Associates (RRA) to assist with the recruitment. Readers are advised to visit www.rraresponses.com if they want more information on the position and on the qualifications, requirements and terms of condition of service.

The RRA website contains information on how to apply for the position as well as a "position specification." The latter is a 9-page document that contains a description of the responsibilities of the executive director position; a candidate profile (i.e. statement of qualifications); and background information on the Global Fund. The position specification is a downloadable PDF document.

The announcement on the Jobs Board of *The Economist* says, "All appropriately qualified people regardless of sex, sexual orientation and/or gender identities, and individuals who are living with HIV are encouraged to apply. The Global Fund Board is highly committed to diversity."

Aidspan has learned from the Secretariat that the Global Fund plans to place advertisements shortly in French in *Le Monde* and in *Jeune Afrique*, and in Spanish in *La Nación*.

Aidspan described the process for the selection of a new executive director in a GFO article on 5 May 2017. The Global Fund Board is planning to make the final selection at its meeting scheduled for 14-15 November 2017.

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## 5. NEWS: Management of Global Fund grants to Haiti has been "partially effective," OIG says

*Low programmatic performance in the first year of grant implementation*

David Garmaise 13 June 2017

In an audit of Global Fund grants to Haiti, the Office of the Inspector General (OIG) has rated the implementation and assurance arrangements, financial management controls, and sub-recipient (SR) management as "partially effective."

"Partially effective" is the second highest rating in the OIG's four-tier rating scheme. The four tiers are "effective"; "partially effective"; "needs significant improvement"; and "ineffective."

The OIG said that the Global Fund Secretariat and the principal recipient (PR), Population Services International (PSI), have designed financial assurance and implementation arrangements to ensure efficient and effective use of grant funds. However, the OIG stated, there are inadequacies in the way programs are assessed and in related capacity building.

"This, together with other factors such as delayed signing of sub-recipient contracts and starting up of grant activities, may have contributed to low programmatic performance in the first year of grant implementation," the OIG said.

A report on the audit was released on 6 June 2017.

The Global Fund has invested over $376 million in the fight against the three diseases in Haiti since 2003 and has currently two active grants in the country (see table).

**Table: Active Global Fund grants to Haiti**

<table>
<tr><th>Grants</th><th>Principal recipient</th><th>Components</th><th>Grant period</th><th>Signed amount ($US)</th></tr>
<tr><td rowspan="3">HTI-C-PSI</td><td rowspan="3">Population Services International</td><td>HIV</td><td>Nov. 2015 – Dec. 2017</td><td rowspan="3">$63,652,083</td></tr>
<tr><td>TB</td><td>Apr. 2016 – Dec. 2017</td></tr>
<tr><td>HSS</td><td>Jul. 2016 – Dec. 2017</td></tr>
<tr><td>HTI-M-PSI</td><td>Population Services International</td><td>Malaria</td><td>Jan. 2016 – Dec. 2017</td><td>$16,583,909</td></tr>
<tr><td colspan="4">Total</td><td>$80,235,992</td></tr>
</table>

*Source: OIG Audit Report on Global Fund Grants to Haiti*

PSI, which is the PR for both grants, is an international non-profit organization based in Washington DC. PSI implements the grants through its local affiliate, Organisation Haïtienne de Marketing Social pour la Santé (OHMaSS).

The audit included both active grants and covered the period from November 2015 to January 2017. The audit scope included reviews of PSI and seven sub-recipients (SRs).

With a GDP per capita of $818, Haiti is the poorest country in the Western hemisphere. More than half (58.5%) of its population of 10.7 million live in poverty. The UNDP's Human Development Index ranks Haiti as the 163rd least developed country out of 188 countries, and Transparency International ranks it as 159th out of 176 countries in its Corruption Perception Index. The country was rated as "high alert" in the Fund for Peace's Fragile States Index in 2016.

Haiti is one of the countries the Global Fund categorizes as a challenging operating environment. In addition, the grants to Haiti are being managed under the Fund's Additional Safeguard Policy.

### Achievements

The OIG said Haiti has made significant progress in the fight against the three diseases despite limited infrastructure and an unstable political landscape. In recent years, it said, Haiti has significantly increased the number of HIV patients on antiretrovirals (ARVs): Currently, over 82,500 people receive ARVs, representing 64% of the total estimated number of people living with HIV. HIV prevalence among adults has remained stable over time, the OIG

stated, indicating that prevention and treatment programs are successfully curbing new infections and providing treatment to those who are HIV-positive.

The country is on the path towards malaria elimination, the OIG said. Malaria incidence decreased by approximately 50% between 2010 and 2015. Successful malaria interventions have made it possible for the country to adopt a national strategic plan with the aim of eliminating local malaria transmission by 2020.

In the opinion of the OIG, the PR, PSI, has sufficient implementation capacity. It has previous experience in successfully managing malaria interventions in Haiti and, although it is a new PR for HIV and tuberculosis, it has successfully leveraged its malaria experience. PSI works closely with 14 SRs, of which five are governmental entities and nine are civil society organizations.

**Key issues and risks**

> **Haiti is on the path** towards malaria elimination. Successful malaria interventions have made it possible for the country to adopt a national strategic plan with the aim of eliminating local malaria transmission by 2020.

The OIG identified the following major weaknesses in the implementation of Global Fund grants to Haiti:

- low achievement of targets due to delays in signing contracts with SRs and starting grant activities;
- unbalanced assurance framework with gaps in the programmatic area;
- limited sustainability of capacity building activities;
- gaps in the financial control arrangements; and
- weak controls over programmatic and health product data management, and reporting at source level.

Below, we describe each of these weaknesses in detail.

*Low achievement of targets*

Under the new funding model, grants are supposed to be disbursement-ready when they are signed. Implementation arrangements should be finalized, including the identification of SRs. Given that the Haiti grants had a relatively short implementation period (up to two years), the OIG said, "it is essential that activities start as soon as possible to ensure that they can be fully implemented in time."

However, the OIG stated, the first year of implementation of the current grants (2016) was marked by delays in recruiting and signing contracts with some SRs, and delays in the start-up of grant activities, which resulted in some targets not being achieved.

For example:

- None of the funds disbursed for a results-based financing module in the HSS component were spent in 2016, the OIG said. The Ministry of Finance had been

originally proposed as the PR for this component. However, conditions at country level were not conducive to effective engagement with the Ministry of Finance.

- Results for 2016 revealed that only 28% of the target for TB case notification among high risk groups (including prisoners) was reached. The shortfall was due to delays in implementing TB activities in prisons. A contract with the SR mandated to implement TB treatment in prisons had still not been signed at the time of the audit in February 2017, and activities had not yet started.
- In the malaria grant, by December 2016 only 3% of the target related to case investigation had been met. The cause? PSI selected two SRs for implementation of community-based malaria prevention and case detection activities, but while the call for tenders was launched in February 2016, due to protracted selection processes the contracts with the two SRs were not signed until August 2016 and November 2016, respectively.

The OIG said that PSI signed contracts with SRs without assessing their programmatic capacities. PSI conducted a capacity assessment of each SR, but the assessment focused only on financial and administrative capabilities. (The assessment took the form of a self-assessment by the SR which was then reviewed by PSI.)

The OIG said that after contracts had been signed with SRs engaged in HIV prevention activities for key populations, PSI observed capacity gaps and implementation challenges. These had not been noted prior to signing the contracts so there was no plan to address them. This contributed to prevention activities not reaching their targets in 2016, the OIG said.

**The first year** of implementation of the current grants was marked by delays in recruiting and signing contracts with some SRs, and delays in the start-up of grant activities, which resulted in some targets not being achieved.

The OIG said that PSI's local affiliate, OHMaSS, did not have a process in place to assess programmatic capacity in a systematic manner; and that PSI HQ did not provide assistance to develop such a process. The OIG also pointed out that although there are cases when the Global Fund's country team decides to undertake the SR capacity assessments, particularly for countries under the Additional Safeguard Policy, in this instance the country team was not involved in any assessment of the SRs' programmatic capabilities.

According to the OIG, PSI and the Global Fund Secretariat are now arranging technical assistance on program management for the SRs.

The OIG reported that a re-programming exercise involving both grants is currently underway. "The success of this re-programming is critical to ensure catch-up of activities and improved implementation and absorption rates," the OIG said.

In response to the OIG findings, the Secretariat said that it will work with PSI to ensure that for the next implementation period (a) grants are disbursement ready with budgets and activities approved; and (b) arrangements are made to sign (or extend) SR agreements in a timely manner. In addition, the Secretariat will develop a tool and a process for program

capacity assessment of SRs; and ensure that these assessments are conducted before any agreements with new SRs are signed.

*Unbalanced assurance framework*

There is a functioning assurance framework in place to safeguard the Global Fund grants, the OIG stated, but it is not adequately balanced between financial and programmatic assurance. For example, the local fund agent (LFA) conducts regular financial assessments and reviews of procurement and supply chain management. However, in the period assessed by the audit, the OIG said, the LFA's mandate with respect to programmatic and data quality review was limited. None of the other assurance providers – the grants' external auditor, the internal audit function at PSI headquarters, and the internal audit function at OHMaSS – have regularly included verification of programmatic results.

The limited programmatic assurance for 2016 has resulted in poor oversight of the programmatic and data quality areas, the OIG said. In addition, there are lost opportunities to ensure that financial assurance is linked to programmatic performance assurance. However, the OIG reported, the Secretariat is planning to implement programmatic assurance mechanisms in 2017, including a Health Facility Assessment and a data quality audit.

*Limited sustainability of capacity building*

In order to achieve sustainable and long-term programmatic impact, the OIG said, grants must contribute to building the capacity of local health systems and partners. The Global Fund can address capacity building on a strategic national level, on a tactical level through the design of grant activities, and on an operational level through building the resources and skills of SRs.

**The priority** in the first year of the grants was to ensure that there was no interruption of services – rather than building capacity at SR level.

Several donors in Haiti are engaged in initiatives to build capacity at the national level, the OIG stated. However, coordination among donors is limited. The OIG said that when the grants were initially signed, the agreements did not include a long-term capacity development plan for local partners. The OIG said that the priority in the first year of the grants was to ensure that there was no interruption of services, rather than building capacity at SR level.

According to the OIG, PSI submitted a draft capacity building plan covering SRs on 29 November 2016. The plan had not yet been approved at the start of the audit in February 2017. However, the OIG said, PSI had already taken steps to build operational capacity at the SR level, including conducting training and information sessions, developing tools and templates and placing focal points in SRs that were government entities. Nevertheless, since the plan was only recently approved and limited reporting was available, the OIG said that it was not able to assess the effectiveness of the capacity building activities.

The OIG also noted that there was no national health system capacity building plan that the Global Fund could support through its grants.

To address these issues, the Global Fund Secretariat said that it will work with PSI and relevant in-country stakeholders to ensure that:

- grants in the next implementation period include a component of capacity development activities focusing on national implementers with the most significant capacity gaps (developed in coordination with other donors); and
- an updated SR capacity development plan is approved and implemented.

*Gaps in financial controls*

The OIG said that PSI has designed adequate financial controls, including reliable accounting systems, a budgetary monitoring system, segregation of duties and an internal audit function. However, it added, improvements are required for fraud prevention, reporting mechanisms and internal controls of expenses, especially those of government SRs.

The OIG said that PSI allocates 18% of the budget of the two active grants to human resources, grants and contracting, institutional assessments, monitoring and evaluation, training, and administration. Procurement represents 26% of the budget; and 90% of the procurement goes through the Global Fund's Pooled Procurement Mechanism. The remaining 56% of the budget is implemented by 14 SRs for other grant activities. PSI's financial analysts review SR expenditures on a monthly basis and issue verification reports.

> **In 2016, there was no mechanism** in place to ensure that programmatic data is accurately collected, recorded and reported on a regular basis. This was compounded by the fact that reporting by SRs was neither timely nor complete despite repeated efforts to improve it.

The audit identified problems in three areas:

- **Fraud prevention**. PSI's mechanisms for preventing, detecting, following-up and reporting on cases of potential fraud are inadequate. Although PSI has provided fraud-related information and training to OHMaSS, this has not been sufficient to ensure a systematic approach to identifying fraud red flags and following up on identified cases.
- **Linkage between financial controls and programmatic activities.** PSI verifies SR expenditures with a focus on the availability of documents to support expenditures, but with less attention to the correlation between the expenditure and the relevant program activity. This results in inefficient use of program funds.
- **SR expenditures.** The internal financial controls for government SRs require improvements due to the absence of reliable accounting systems, policies and procedures that are not updated, and the lack of an internal audit function.

The OIG said that its review of SR expenditures for the fourth quarter of 2016 revealed systematic control weaknesses for expenditures related to travel, training, fuel consumption, school fees expenses and related procurement processes. The review identified the following irregularities:

- Several emergency procurements did not comply with tender documentation requirements.

- There was inadequate supporting documentation for travel costs and no third-party documentation for school fee payments.
- There was unjustified over-spending from the approved budget, and spending that was not budgeted for – totaling $185,000.
- Some SRs that receive funds from other donors do not have a systematic allocation mechanism to charge common costs across donors or grants or to avoid double payments for the same activity.

In response to these findings, the Secretariat said that it will work with PSI to perform a comprehensive review of school fees activities for all SRs (with assistance from the LFA where required) and to implement an action plan to address current control gaps.

*Programmatic and health product data management*

OIG said that PSI has weak controls over programmatic and health product data quality at the source level, and limited mechanisms in place to ensure that the data it receives from SRs are accurate and complete. This can result in inaccurate data being used to quantify health products and prioritize disease interventions, with potential adverse effects for patients and grant performance.

In 2016, the OIG said, there was no mechanism in place to ensure that programmatic data is accurately collected, recorded and reported on a regular basis. This was compounded by the fact that reporting by SRs was neither timely nor complete despite repeated efforts by PSI to improve it. In addition, the OIG said, there were discrepancies in the data reported by SRs due to a poor understanding of the indicators to be reported. For example, health facilities reported on the number of HIV tests provided to pregnant women instead of the number of pregnant women tested.

The OIG said that the LFA was not mandated to conduct on-site data verification or other reviews of programmatic data quality at source level during the audit period.

The OIG stated that PSI recognizes that there are problems with programmatic data quality and that it has implemented measures to address the problem. These include conducting programmatic on-site data verification of three SRs working on HIV prevention; and recruiting 20 quality assurance officers.

In response to the OIG's findings, the Secretariat will request that the LFA verify the implementation of quality assurance mechanisms planned as part of a recently approved monitoring and evaluation plan; and will evaluate whether PSI is addressing quality assurance weaknesses identified by the OIG.

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## 6. NEWS: Six African countries classified as challenging operating environments craft tailored funding requests to the Global Fund

*Civil wars, famines and post-Ebola realities require flexible approaches*

Gemma Oberth 13 June 2017

Challenging operating environments (COEs) are countries or sub-regions of countries that the Global Fund characterizes as having weak governance, poor access to health services, manmade crises (such as conflict) or natural crises (such as famine). The Fund's COE policy affords these countries extra flexibilities to ensure that funding requests can be submitted, and grants can be implemented, despite these difficult circumstances.

As of January 2017, the Global Fund classified the following 25 countries as COEs: Afghanistan, Burundi, Central African Republic, Chad, Congo (Democratic Republic), Eritrea, Guinea, Guinea-Bissau, Haiti, Iraq, Lebanon, Liberia, Mali, Mauritania, Niger, Nigeria, Pakistan, Palestine, Sierra Leone, Somalia, South Sudan, Sudan, Syrian Arab Republic, Ukraine and Yemen. This list of countries is valid for the 2017-2019 allocation period, according to the Global Fund's Operational Policy Manual.

For the 2017-2019 funding cycle, all of these countries have been invited to submit funding requests that contain questions specifically tailored to COEs. For example, the template asks applicants who are in acute emergency settings, where the context is volatile or often changing, to describe how such change will be managed. In other words, applicants are asked to describe how the scope of the program can be adjusted when circumstances change (whether they deteriorate or improve) as well as the factors that would trigger a shift in approach. This is a new type of funding request, as part of the Global Fund's differentiated application process.

Aidspan has obtained draft funding requests from six of these COE countries – Eritrea, Liberia, Guinea, Central African Republic, South Sudan and Somalia. Some of these drafts are integrated TB/HIV requests while others are single disease component requests for either HIV or TB. The drafts were circulated as part of a mock technical review panel (TRP) held in Nairobi, Kenya in the first week of May 2017. This article describes some of the specific challenges these COEs are currently facing and the related interventions in their draft funding requests. The final versions of the funding requests discussed below were submitted to the Global Fund during Window 2, for which the deadline was 23 May 2017.

> *Caveat: Aidspan is cognizant that the content of the funding requests discussed in this article may have changed between the drafts circulated at the mock TRP and the final versions submitted on 23 May 2017. However, the Global Fund does not make final funding requests public until after grant-signing. Further, information coming out of COEs is often extremely limited, making reporting on these countries difficult and infrequent. As a result, Aidspan has not been able to obtain final versions of the funding requests, but deems the draft content worthy of GFO coverage.*

### Eritrea

Eritrea's draft HIV funding request states that a major challenge in the country is the extremely low number of skilled health care workers. As a proportion of the total need, current staffing levels are at 9.1% for doctors (general practitioners) and 6.3% for nurses. By comparison, while recent funding requests from both Zambia and Zimbabwe (which Aidspan has previously reported on here and here) highlight shortages in human resources for health, Zambia's staffing levels are at 49% for doctors and 63% for nurses, and Zimbabwe's are at 73% for doctors and 88% for nurses.

In the context of Eritrea's immense shortage of professional health cadres, the country prioritizes strengthening community systems so that community groups can fill some of the critical gaps in health service delivery.

### Liberia

Liberia's draft TB/HIV funding request cites ramifications of the 2014 Ebola outbreak as a significant ongoing challenge. According to the draft request, the country is currently struggling to implement its post-Ebola economic recovery plans. Further, given the country's need to take financial responsibility for national security following the phased withdrawal of the U.N. Mission in Liberia (with complete drawdown planned for June 2017), the draft funding request states, "It is unlikely that the country can find the adequate resources to invest in the health sector anytime soon."

That said, the draft request also makes use of Ebola lessons to inform its proposed interventions. To address stigma associated with TB, Liberia prioritizes engaging community leaders and community-based organizations to sensitize people to attend health facilities – a strategy that worked well during the Ebola outbreak.

### Guinea

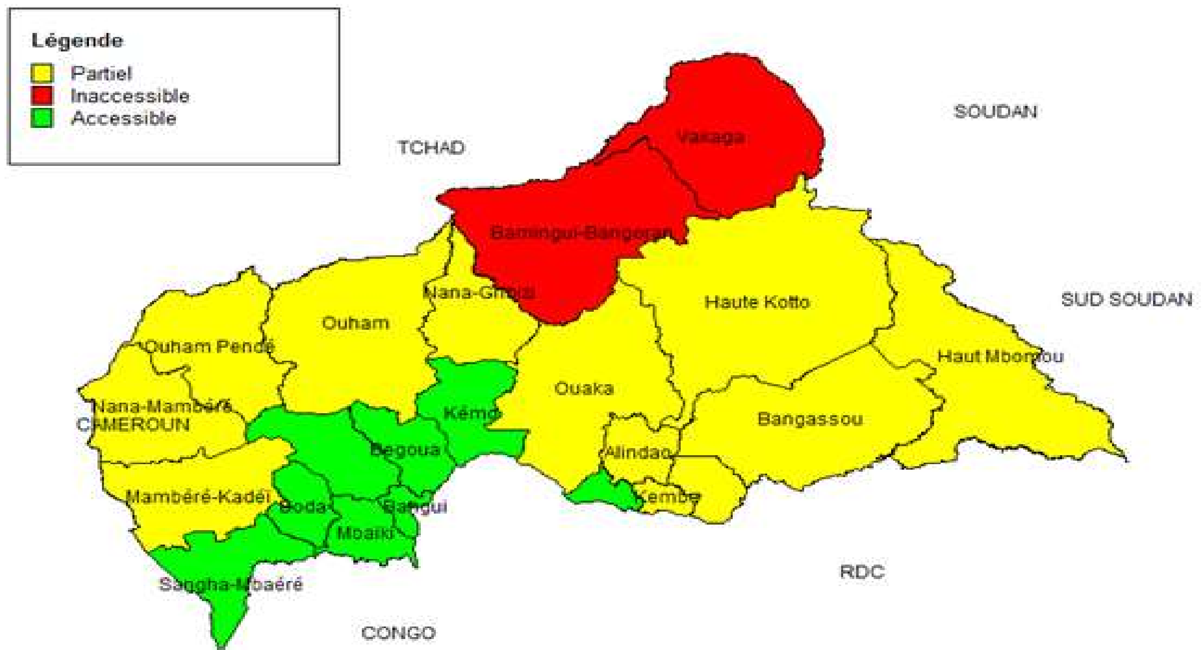
Guinea's draft TB funding request notes three potential risks linked to its COE status. The funding request cites the chance of sociopolitical disturbances, the potential reactivation of the Ebola epidemic (or the occurrence of new epidemics) and the possibility of natural disasters as challenging factors.

However, the draft notes that access to TB screening through GeneXpert tests has improved in recent years, with 10 machines currently operational thanks to the shared efforts of the Ebola, HIV and TB programs. The country may be able to continue to leverage structures that sprang up during the Ebola outbreak in order to strengthen its Global Fund programs.

### Central African Republic

The Central African Republic (CAR) is in the midst of an on-going civil war, which is the main reason for the country's classification as a COE. Its draft TB/HIV funding request points to this factor as a severe limitation in service delivery, since the majority of the country is either partially or completely inaccessible due to the conflict (see the figure).

**Figure: Distribution of regions of the Central African Republic, according to security level**




*Source: Draft TB/HIV funding request to the Global Fund, Central African Republic*

The draft request notes that the government of CAR, with the support of its partners, has drawn up a National Plan for the Rehabilitation and Consolidation of Peace in the Central African Republic (RCPCA) for the period 2017-2021. It states that this opportunity will allow CAR to improve implementation of its HIV and TB programs, including human rights and gender elements.

### Somalia

Somalia's draft HIV funding request underscores that the country is currently experiencing the worst drought and famine in over 50 years. This is a humanitarian emergency, meaning that efforts from both government and non-government partners are predominantly focused on addressing issue like malnutrition and maternal and child deaths due to the famine. As a result, there is far less focus on HIV activities. Furthermore, 26% of the population are nomadic and 9% are internally displaced. There are conflicting population estimates ranging from 9-12.3 million. These factors significantly impact the country's capacity to set realistic targets for its disease programs.

To mitigate these challenges, the country's draft funding request proposes engaging in regular dialogue with the affected sectors. Somalia also prioritizes bringing in technical assistance or support where needed. The request defines internally displaced women and mobile men as an HIV key population to be targeted with integrated prevention and behavior change programs, with particular emphasis on linking them to essential services and support.

### South Sudan

South Sudan's draft HIV funding request describes the eruptions of conflict in the country in December 2013, and more recently in July 2016. The request notes that these bursts of fighting result in an increase in migrant and refugee populations as people move in and out of the country as the threat of violence fluctuates. This situation is made worse by a fledgling health system and inconsistent and insufficient access to health services. The draft request also cites outbreaks of cholera and measles in different parts of the country as competing health priorities which limit funding as well as attention dedicated to HIV.

As a result, the request prioritizes differentiated service delivery among vulnerable populations, including migrants, internally displaced populations (IDP) and refugees. In particular, the country proposes long-term rapid response team missions of 3–12 months deployed to IDP camps, protection of civilian (POC) sites, and refugee settings. The teams will provide HIV testing services, dispense HIV treatment and conduct health education and adherence counselling sessions.

### Implementation arrangements

As a result of the challenges highlighted in this article, many of these countries' governments are not able to manage Global Fund grants directly. Instead, the majority of them rely on international organizations or U.N. agencies for implementation. In Guinea, the principal recipient (PR) is Plan International; in CAR it is the International Federation of Red Cross and Red Crescent Societies. Grants in Somalia and South Sudan are managed by UNICEF and UNDP, respectively. Among the six countries, Eritrea and Liberia are the only ones where the Ministry of Health serves as PR.

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## 7. NEWS: Risk management processes at the Global Fund need significant improvement, OIG audit report says

*Weaknesses in oversight and accountability identified at Board and senior management levels*

David Garmaise 13 June 2017

In its annual report, prepared for the Board meeting on 3-4 May 2017, the Office of the Inspector General (OIG) said that the Global Fund is making "significant progress" in managing risks (see GFO article). Two weeks later, on 16 May, the OIG released an audit report in which it rated the design and operating effectiveness of the Fund's risk management processes as "needing significant improvement." This is the second lowest rating in the OIG's four-tier rating scheme. The four tiers are "effective"; "partially effective"; "needs significant improvement"; and "ineffective."

Did the OIG contradict itself? Not really. It simply chose to emphasize the positive in its annual report, and to focus on the work that still needs to be done in its audit report. In both cases, the OIG said that although there have been achievements in risk management, significant gaps remain.

In terms of detail, there is considerable overlap between what the OIG said about risk management in its annual report and in the audit report. Since we have already covered what the OIG said about risk management in its annual report in our earlier article, we have chosen to focus the present article on three specific areas of risk management that the OIG addressed in more detail in its audit report:

- accountabilities for risk management;
- mitigation of risks; and
- risk appetite.

### Accountabilities for risk management

The OIG said that the risk management function within the Global Fund has been strengthened by, among other things, the establishment of a Risk Department and the creation of a Chief Risk Officer position in 2012; the creation of an Operational Risk Committee (ORC) in 2012 to oversee grant-level risks; and the creation of an Enterprise Risk Committee (ERC) in 2016 to oversee corporate level risks. *(Editor's note: In addition, a Risk Management Policy was adopted by the Board in 2014.)*

The OIG said the design of risk management structures within the Global Fund is now generally adequate, and that roles and responsibilities at each level have been delineated. However, the OIG noted that weaknesses remain in the execution of oversight and accountability for risk management.

#### *Accountability at Board level*

The OIG stated that although significant progress has been made in setting the appropriate structure and policies at Board level, the effectiveness of the Board's execution of its risk management responsibilities needs improvement in two areas: (1) defining risk appetite; and (2) developing a structured process for following up on risk issues.

For a discussion of risk appetite, please see the separate section below.

With respect to a process for following up on risk issues, the OIG said that there are gaps in the processes of the Board and its committees for recording and escalating key risk issues. For example, the OIG said, at its 34th meeting in November 2015, the Board requested an update from the Secretariat on the integration of risk management into its operations and culture; however, the multiple challenges raised by the Board were incompletely addressed in the Secretariat's update at the following Board meeting.

The OIG said that effective follow-up on Board requests and concerns is needed to ensure that relevant issues are continuously tracked. The OIG cited the end-of-term reports issued by

the "outgoing" Board committees (i.e. the previous committees, prior to the reorganization of committees in 2016), which noted the need for an action tracker to ensure that issues discussed by committees are followed up appropriately. (The end-of-term reports have not been made public.) The OIG said that follow-up processes have been strengthened lately and that action trackers were developed in late 2016. However, it said, further improvements are needed.

The OIG said that addressing these gaps would enhance the Board's ability to perform an effective oversight role, as described in the Fund's Risk Management Policy, and would also bolster the trust between the Board and the Secretariat.

*Accountability at senior management level*

The OIG said that at the senior management level:

- risk accountabilities need to be clarified;
- strong key performance indicators (KPIs) need to be developed; and
- the risk decisions of the ORC should be documented and consolidated into risk themes.

We explain each of these points below.

Although risk-related roles have been defined, the OIG said, related accountabilities for risk decisions are generally not clearly documented. The need for an accountability framework in the Global Fund was identified in 2013. According to the OIG, the Secretariat prioritized the accountability framework in 2016, and it was finalized and approved by the Management Executive Committee in early 2017. (The accountability framework is an internal document and so has not been made public.)

With respect to KPIs, the OIG said, in the KPI framework that was in effect for the Fund's 2012-2016 Strategy there was a corporate KPI based on a Portfolio Risk Index. The OIG said that this indicator had multiple gaps in terms of both quality and content, and that it was not much used by senior management when making decisions. "However," the OIG said, "instead of improving or replacing this risk indicator with a better one, this risk indicator has been removed from the proposed performance indicators in the 2017-2022 corporate KPI framework, without any replacement at this stage, although the risk team is exploring solutions."

**"The discussion did not** determine how [the residual] risks would be escalated and monitored, whether the risks were acceptable, or how mitigation measures would be monitored and, if necessary, escalated to other governance bodies."

Concerning the documentation of the ORC's risk decisions, the OIG said that the ORC provides an opinion on whether each country's risks have been appropriately prioritized and adequately mitigated. The OIG said that this is consistent with the ORC's mandate but it added that "it is also important that recurring risk themes or emerging trends across different grants be tracked and periodically evaluated to provide broader portfolio-level insights and inform higher-level risk analysis at the ERC level."

In addition, the OIG said, explicit decisions on acceptance, mitigation or escalation of risks should be documented. The OIG explained that although risk dashboards are prepared and presented by the country teams, the ORC does not explicitly decide on risk responses. For example, The OIG said that when the ORC reviewed the dashboard for the grants from Nigeria in May 2016, the country team noted that the residual risk (i.e. the risk remaining after risk mitigations measures were taken) regarding capacity issues was high, with specific contextual challenges. "However," the OIG said, "the discussion did not determine how those risks would be escalated and monitored, whether the risks were acceptable, or how mitigation measures would be monitored and, if necessary, escalated to other governance bodies."

The OIG noted that the Risk Department has grown from four positions when it was established in 2012 to 16 positions in 2016. In terms of skills and experience, the OIG said, there has been a concerted effort to recruit new risk resources and to improve the skills of existing staff. However, the OIG said, the Chief Risk Officer is the only staff person in the department with directly relevant, specialist risk experience prior to joining the team.

**Progress is being made** in translating some organizational risk mitigation initiatives into operational targets. For example, transition planning is being based on specific readiness assessments that will lead to country-level targets.

The Risk Department has recently initiated a series of in-country reviews under the Risk and Assurance project. This is a significant development in the team's capacity to oversee grant management at the country level, the OIG commented. "However, the oversight of non-grant processes is not as effective as there is minimal formal monitoring of other enterprise risks such as finance, treasury or IT activities, with the risk team dependent on information provided to them."

In an agreed management action (AMA) in response to the OIG's findings with respect to accountabilities for risk management, the Secretariat said it will design and implement a standard format for ORC discussions, and standard outputs, including justification of ORC risk ratings adjustments and risk responses, which can include mitigation or risk acceptance.

### Mitigation of risks

The OIG noted that initiatives to mitigate risk have historically been documented and followed up using internal tools such as QUART (Qualitative Risk Assessment Tool), and external communications such as management letters to implementers. The OIG identified three areas where it said improvements were required to enhance the effectiveness of the mitigation initiatives, as follows:

- **Corporate mitigation initiatives should be translated into measurable actions.** For example, the OIG said, poor quality of programs and services is listed in the Organizational Risk Register for the first quarter of 2016, with the current risk rating measured as high, and the target risk rating set as medium. Corporate mitigation initiatives identified in the risk register include the development of a holistic program quality and effectiveness strategy, routine monitoring and national surveillance, strengthened patient follow-up and expansion of the public-private mix. However, the OIG said, these are broad objectives which do not translate into specific action points

and clear targets that can be tracked and evaluated on a systematic basis. On the other hand, the OIG stated, progress is being made in translating some organizational risk mitigation initiatives into operational targets. For example, it said, transition planning is being based on specific readiness assessments that will lead to country-level targets.

- Mitigations at grant level have in some cases **focused on symptoms, and should instead tackle root causes,** the OIG said. It cited the example of Tanzania, where in an attempt to resolve the country's storage challenges, additional warehouses were created. That did not work, the OIG said, because the root causes of the challenges were the country's decision to hold large stocks and its failure to dispose of large volumes of expired stocks. This issue is expected to be resolved through the ongoing Supply Chain initiative, the OIG said.

- **Complex mitigations have had joint owners, but clear individual accountabilities and effective monitoring are needed.** For example, the OIG explained, supply chain–related risks have been included in the risk register since 2013, but systematic solutions were not prioritized until 2016. A Risk and Assurance project, designed to address risk mitigation and assurance issues, was initiated in 2014 and concluded in mid-2016. In both cases, the OIG said, the initiatives required efforts from both operational and functional teams, but the roles were not clearly defined. And, in both cases, effective monitoring likely would have lessened some of the delays that were experienced in addressing the issues.

**Risk appetite**

In the context of the Global Fund, "risk appetite" is the amount of risk the Fund is willing to accept in pursuit of its objectives.

The OIG said that the report on the Five-Year Evaluation of the Global Fund, completed in 2009, the report of the High-Level Independent Review Panel in 2011, and the Consolidated Transformation Plan that resulted from the High-Level Panel report all emphasized the need for the Board to define a risk appetite. However, the OIG said, the Board has been reluctant to do so.

**Committee members expressed** "strong concern" about the use of the words "tolerance" or "appetite" together with the word "risk," since it could send the message that there is a tolerance or even an appetite for risk rather than zero tolerance.

The OIG said that its review of Board and committee minutes indicated that sometimes there was a reluctance to use language such as "risk appetite" and "risk tolerance." For example, the OIG said, the Risk Differentiation Framework approved in November 2014 was initially presented to Board committees as a "risk tolerance framework." However, three Strategy, Investment and Impact Committee members expressed "strong concern" about the use of the words "tolerance" or "appetite" together with the word "risk" since it could "send the message that there is a tolerance or even an appetite for risk rather than zero tolerance." All

mentions of “risk tolerance” were amended to “risk differentiation” before the framework was presented to the Board for approval in November 2014.

Articulation of risk appetites allows an organization to explicitly consider trade-offs across a spectrum of risk choices and in relation to a desired level of impact, the OIG stated. “For example,” it said, “in the case of the Global Fund, such trade-offs might involve the acceptance of a higher risk of over-stocked drugs expiring, and the related financial loss, in return for a desired lower risk of stock-outs that might lead to treatment disruption and potentially higher programmatic costs.”

In general, the OIG said, a sound framework of risk appetite and tolerances allows the Global Fund to explicitly consider these important trade-offs. In the absence of such a framework, the OIG added, risk decisions can be inconsistent because “different teams and individuals exhibit different behaviors and responses to similar risks based on their own level of comfort rather than based on a unifying set or organizational principles.”

In response to these findings, the Secretariat said it will present a paper to the Board recommending a risk appetite for the key risks involved in delivering the 2017-2022 Strategy. It said that the paper will include broad principles regarding risk appetite that can be used when making decisions concerning the grant portfolio. For this AMA, there is a target date of 30 June 2018 for presentation of the principles to the Board; and a target date of 31 December 2018 for implementation of the risk appetite principles.

In a separate AMA, the Secretariat has agreed to develop and implement an enhanced risk measurement and reporting framework which will:

- measure risks for countries while considering their materiality to disease impact;
- consolidate a holistic picture of risks across the Global Fund; and
- assess whether risks in countries are in line with the risk appetite, to inform decision-making.

The framework will ensure adequate portfolio coverage, and consistency of measurement approaches over time. This AMA has a target date of 30 June 2018 for development of the framework; and a target date of 31 December 2018 for its implementation.

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## 8. ANNOUNCEMENT: Global Fund issues RFPs on community engagement

*Proposal deadline: 19 June 2017*

Aidspan Staff 13 June 2017

The Global Fund has issued two requests for proposal (RFPs) that aim to improve the engagement of civil society and communities in Global Fund programs and processes.

### Support engagement of key populations

The Global Fund is inviting global networks or consortia of networks of HIV key populations (KPs) to submit proposals for programs that support regional and country-based KP constituents to engage in, and contribute to, the development, implementation and oversight of Global Fund–supported programs. The KPs covered in this call include gay, bisexual and other men who have sex with men; sex workers; trans people; drug users; young key populations; and people living with HIV, including women and youth.

The proposed programs will also enhance the capacity of KPs to advocate for increased investment in human rights-based and community-responsive programs, as well as effective community-led rights and gender-related programs within Global Fund grants.

The deadline for the submission of proposals is 19 June 2017. The RFP is available here (see TGF-17-080).

### Improve community-based monitoring and feedback

The Global Fund is looking for service providers that have the capacity and expertise to deliver technical assistance (TA) to improve community-based monitoring and feedback. The activities to be implemented in this initiative include providing TA to current implementers of Global Fund grants to evaluate, learn from and improve their community-based monitoring and feedback activities; providing TA to design and include community-based monitoring and feedback in the 2017-2019 funding cycle grants; compiling and sharing experiences on community-based monitoring and feedback through case studies, reports, and regional and global learning events, as well as organising and facilitating such regional or global learning events; and developing TA, operations research and documentation tools for this initiative.

The deadline for the submission of proposals is 19 June 2017. The RFP is available here (see TGF-17-082).

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