



Independent observer  
of the Global Fund

## INADEQUATE ASSURANCE ARRANGEMENTS, POOR OVERSIGHT, AND WEAK IMPLEMENTATION PLAGUE GLOBAL FUND GRANTS

The Global Fund to fight AIDS, Tuberculosis, and Malaria is midway through three important processes that will affect its long-term effectiveness. The Global Fund is currently developing a new strategy that maps its direction for approximately the next five years; it is preparing for a new three year funding cycle, and is appointing a new Inspector General who will serve a five year term.

An analysis of the recent main audit findings of the Office of the Inspector General (OIG) provides an overview of the systemic issues that require attention in different regions, across high impact or core countries and disease programs.

Information for this article comes from published OIG audit reports from countries for 2019 and 2020. We excluded the Secretariat's audits, as they focus on the Secretariat's internal operations, and investigations which tend to be more detailed and specific. In total, we reviewed 20 audit reports covering 19 countries. Fifteen of these are African countries and the remaining four are from Asia.

This article is the first of a series of analyses of those findings.

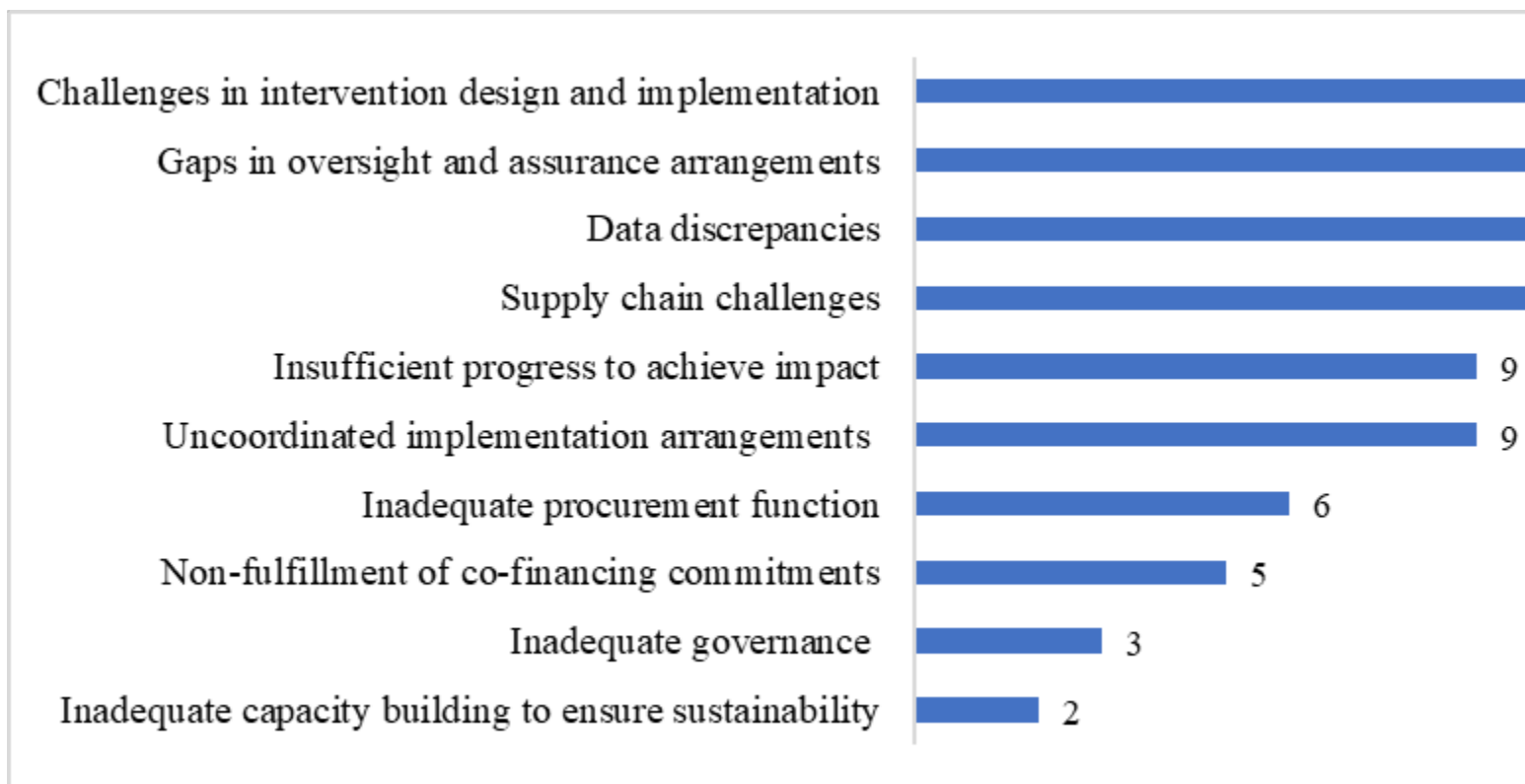
### Overview of the main findings

We classified the OIG's 96 audit findings, from 2019 to 2020, into ten categories (Figure 1). The two most common issues are challenges in the design and implementation of interventions and gaps in oversight and assurance arrangements. These are followed by data discrepancies, supply chain challenges, insufficient progress to achieve impact, and uncoordinated implementation arrangements. The findings

(and frequency of issues) are summarized in Figure 1 below.

In this article, we focus on the two leading audit findings.

Figure 1: Main Audit findings of the Office of the Inspector General for the years 2019-2020



Source: Aidsplan, based on the OIG audit reports for 2019-2020

### Gaps in oversight and assurance arrangements

The OIG found gaps in oversight and assurance arrangements in 13 countries. Two of these are Asian countries, while the rest are African (see Table 1 below). The Global Fund classifies seven of these countries as “core” (countries with a larger portfolio, higher disease burden, and higher risk) and the remaining six as “high impact” (countries with a very large portfolio and mission-critical disease burden). The Global Fund has placed three of these countries under the Additional Safeguard Policy (ASP), which means that the Global Fund considers these countries to be high-risk environments and have therefore instituted additional measures to safeguard its investments. Additionally, the Global Fund classifies four of these countries as Challenging Operating Environments (COEs), as they have a remarkably high external risk index and are characterized by weak governance and man-made or natural calamities.

In eight of these countries, where the principal recipients (PRs) are the government ministries or agencies, there were gaps in oversight and assurance arrangements. Some of the issues were delayed audits, weak internal control, or poor oversight of the sub-recipients (SRs).

Table 1: Characteristics of countries with gaps in oversight and assurance arrangements

No	Country	Region	Category	ASP*	COE*	Principal Recipient (PR)
1	Angola	Africa	Core	No	No	State PR
2	DRC*	Africa	High Impact	Yes	Yes	Both state and non-state PRs
3	Ghana	Africa	High Impact	No	No	State PR

4	Indonesia	Asia	High Impact	No	No	Both state and non-state PRs
5	Liberia	Africa	Core	No	Yes	State PR
6	Malawi	Africa	High Impact	No	No	State PR
7	Papua New Guinea	Asia	Core	Yes	No	Non-state PR
8	Rwanda	Africa	Core	No	No	State PR
9	Sierra Leone	Africa	Core	No	Yes	State PR
10	South Sudan	Africa	Core	Yes	Yes	Non-state PR
11	Togo	Africa	Core	No	No	State PR
12	Uganda	Africa	High Impact	No	No	State PR
13	Zimbabwe	Africa	High Impact	Yes	No	Both state and non-state PRs

Source: Aidsplan, based on the OIG audit reports for 2019-2020

Note: State PRs are government ministries or agencies, while non-state PRs are non-governmental organizations.

#### Weak internal controls

In [Angola](#), the OIG found that several factors impaired effective oversight of the tuberculosis (TB) and malaria grants managed by the Ministry of Health. There were significant delays in the completion of external audits, progress updates and disbursement reports for TB and malaria grants by up to 415 days and 102 days, respectively, for 2016 to 2018. These delays affect timeous oversight, disbursements, and therefore grant absorption. Delays in the appointment of SRs and sub-sub-recipients (SSRs) reduced the program implementation period and resulted in the disruption of treatment support.

In [the Democratic Republic of Congo \(DRC\)](#), the OIG noted weak internal controls, inconsistent financial management, and weak procurement practices that resulted in ineffective use of the grants managed by the Ministry of Health and Population Services International (PSI). In [Zimbabwe](#), the OIG noted that the grants managed by the Ministry of Health and Child Care, and the United Nations Development Programme (UNDP) needed better oversight. There was no evidence that district pharmacies were supervising the receipt and distribution of health products by health facilities. This resulted in data anomalies because data was not reviewed and triangulated. In [Malawi](#), the OIG noted weak procurement oversight in the Ministry of Health and Action Aid, which are both PRs, which resulted in the payment of unplanned costs.

#### Weak oversight of SR and other contractors

In [Indonesia](#), the OIG found that both state and non-state PRs had weak oversight and supervision of SRs: only 69% of planned supervision visits took place. In Liberia and Malawi, the OIG found that the Ministries of Health had weak oversight of SRs. In [Liberia](#), the Ministry of Health, the PR, had no management policies to guide the oversight of SRs while in Malawi, weak oversight of SR activities and expenditure caused low grant absorption (less than 50%) and ineligible expenditure. The OIG also noted that 36% of fixed assets were not physically accounted for.

In [Togo](#), poor oversight of the procurement agent, a United Nations (UN) agency, caused delays in the renovation of a warehouse for storing health commodities. The alternative temporary storage conditions were sub-optimal. Also, the OIG found that there was poor control of the sale of malaria drugs that hindered service delivery, while those purchased using Global Fund grants were supposed to be

distributed at no cost but were sold instead. In [South Sudan](#), in the PSI-managed grants, the OIG noted non-compliance with Global Fund policies on indirect cost recovery, inadequate documentation for transactions, non-competitive procurements, and disparities in fixed asset management.

Competent grant oversight and adequate assurance arrangements promote transparency and accountability, ensure effective grant implementation and safeguard Global Fund investments. Additionally, the selection of SRs and contractors significantly impacts grant performance. In some countries, the Country Coordinating Mechanism (CCM) chooses the SRs, although the PRs are responsible for their oversight and assurance. In other cases, the SR or the contractors are UN agencies. In such circumstances, it is arguable that the PR may not have full authority over the SRs or the ineffective contractors and this negatively affects grant performance.

### Challenges in the design and implementation of interventions

The OIG noted that 11 countries experienced difficulty with designing and implementing interventions; two are Asian and the rest are African. State PRs manage seven countries' grants. Six of the countries are 'Core', and the remaining five are 'high impact'. Only two are under ASP, while five are COE.

Table 2: Characteristics of countries with challenges in the design and implementation of interventions

No	Country	Region	Category	ASP	COE	PR
1	Benin	Africa	Core	No	No	State PR
2	Ghana	Africa	High Impact	No	No	State PR
3	Indonesia	Asia	High Impact	No	No	State PR
4	Lesotho	Africa	Core	No	No	State PR
5	Liberia	Africa	Core	No	Yes	State PR
6	Malawi	Africa	High Impact	No	No	Non-state PR
7	Pakistan	Asia	High Impact	No	Yes	Both state and non-state PRs
8	Sierra Leone	Africa	Core	No	Yes	State PR
9	South Sudan	Africa	Core	Yes	Yes	Non-state PR
10	Sudan	Africa	Core	Yes	Yes	Non-state PR
11	Uganda	Africa	High Impact	No	No	State PR

Source: Aidspan, based on the OIG audit reports for 2019-2020

Note: State PRs are government Ministries or agencies while non-state PRs are non-governmental organizations  
 source: Aidspan, based on the OIG audit reports for 2019-2020

Most design and implementation issues over the last two years were more frequent with TB grants. In both state and non-state PR-managed [grants in Pakistan](#), the OIG noted limited access to TB treatment in rural areas, despite the fact that 63% of the population lived there. There was low private sector participation in TB treatment although private care was the first point of care for 85% of the population, and the public sector did not conduct TB contact tracing. In [Lesotho](#), where the Ministry of Finance managed grants, there were gaps in TB case finding due to the inadequate quality of TB screening and testing. Also, only a quarter of the estimated multi-drug-resistant TB cases were diagnosed and enrolled in treatment. Similarly, in [Indonesia](#), where the Ministry of Health managed grants, the OIG noted that TB contact tracing activities were inadequate. Although almost three-quarters of initial care for TB was sought in private health care facilities, the private health sector was not used for TB interventions.

The Ministries of Health managed grants in Benin, Ghana and Liberia. In [Benin](#), the OIG found that a

shortage of personnel adversely affected the distribution of HIV and malaria drugs. In [Ghana](#), TB case detection was hindered by underutilization of diagnostic machines (GeneXperts), a lack of an effective sputum sample transport mechanism, and sub-optimal use of community health workers. In [Liberia](#), the OIG found that inconsistent supervision and monitoring of activities hampered HIV and TB services. There was sub-optimal community engagement, and guidelines and strategies for HIV and TB interventions were outdated. In the Action Aid managed grants in Malawi, the OIG noted weaknesses in the design and implementation of HIV interventions for adolescent girls and young women. This was due to weak management and supervision, some undefined program components, and difficulties in measuring program performance.

Although some of the issues might be country-specific, their similarity creates a trend that requires corrective actions. Agreed management actions that are time-driven is one way of dealing with country-specific issues. On a broader scale, there is a need to develop and implement acceleration plans in countries struggling to design and implement interventions. This would include expanding coverage of services, training more health workers to offer quality services, adopting modern technologies, and providing targeted services to the vulnerable and key populations. These initiatives would enhance the programmatic results of Global Fund grants.

#### Further reading

“Audit reports for the 2019-2020 period can be accessed at the Global Fund’s Audits & Investigations webpage (<https://www.theglobalfund.org/en/oig/reports/>)”

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