



Independent observer
of the Global Fund

Global Fund's management and framework for investments in health systems need significant improvement, OIG says

The Geneva Office of Inspector General (OIG) conducted the first audit of the Global Fund's Resilient and Sustainable Systems for Health (RSSH) investments aiming "to provide reasonable assurance on the adequacy and effectiveness of Global Fund processes for the management of RSSH activities".

The OIG found that the Global Fund structures, policies and processes for the management of the RSSH investments and the monitoring framework for those RSSH investments need significant improvement, while the risk mitigation measures for RSSH activities are partially effective. [The audit report](#), which was published on 3 May 2019, asserts that the Secretariat lacks defined performance metrics to measure performance for two-thirds of total RSSH investments.

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

Findings

Key Achievements of RSSH grants

Some of the Global Fund's investments in RSSH have been impactful, although recent OIG reports have

highlighted grant-implementation challenges related to health systems ([Burkina Faso](#), [Ethiopia](#), [South Sudan](#)), especially supply chains ([Cote d'ivoire](#), Guinea), and data systems ([Rwanda](#)).

For instance, Global Fund monies have helped train a Health Extension Workers Program in Ethiopia, bringing primary care closer to people who used to have little access to it; strengthened Health Management Information Systems (HMIS) to provide reliable routine data in 20 countries from an original cohort of 54; and strengthened the financial management capabilities of implementers.

The Secretariat made significant progress in strengthening financial management activities

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

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

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

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

The Global Fund funding cycle covers three years, which is typically too short a time within which to implement major RSSH activities. When the activity is not completed by the end of the grant, the activity is in jeopardy in the next grant cycle. For example, the design and construction of a warehouse requiring all national and local-level administrative authorizations often requires more than three years; in Pakistan, for example, only 2% of a grant was used for the building of a warehouse during the 2015-2017 grant cycle. As the building was not finished by the end of the grant, completion plans were dropped in the current grant cycle (2018-2020). This type of time lag or lack of alignment also occurs in disease programs, which in-country usually follow a five-year national strategic plan.

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

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

(Editor’s note: The OIG confirmed to the GFO that when they started the review, FISA was recognized as a division, with Finance and Supply two entities within that division. Currently, the departments within FISA are all separate

and all report through their respective heads to the Executive Director.)

Under the Finances Division were:

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

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

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

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

In March 2018, the Secretariat changed its structure and merged supply chain initiatives under a Sourcing and Supply Chain Department; Philippe Francois took office as Head of Department on 1 October 2018. At the time of the audit (December 2018), there was still room for improvement. For instance, the supply-chain transformation initiative launched in 2016 – to diagnose related issues in 20 prioritized countries and use results to develop specific action plans to strengthen systems – has yielded diagnoses for only 13 countries. At the time of the audit, no transformation plan had been costed in the nine countries where transformation plans were implemented, and several of those plans lack indication of scope, key activities and timelines.

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

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

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

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

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

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

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

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

The Global Fund requires countries to present sustainability plans for RSSH activities to ensure those activities will continue after Global Fund support ends. This requirement is especially important when it concerns recurrent expenses like investment in human resources for health. For instance, 47% of RSSH resources are invested in human resources (e.g. top-up salaries for health workers or full salaries for in-country staff paid for by the Global Fund). But this requirement is not consistently enforced across the grants, resulting in missing sustainability plans for the RSSH components of many grants.

Agreed Management Actions

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

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

Further reading:

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

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