



Independent observer
of the Global Fund

THE CENTRALITY OF INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS AND PRIVATE FIRMS IN GLOBAL FUND GRANT MANAGEMENT IN WEST AND CENTRAL AFRICA

The Global Fund to Fight HIV, Tuberculosis and Malaria is a funding organization that relies on local expertise to implement grants. The implementers, called Principal Recipients (PRs), receive performance-based grants. The PRs, ideally local entities like government institutions, civil society or community organizations, or private firms, are in charge of financial and program management. When the Global Fund feels that local entities cannot safely manage the grants for various reasons such as financial mismanagement, it invokes the [Additional Safeguard Policy](#) (ASP). This policy entitles the Secretariat to put their choice of PR in place, usually United Nations agencies or international non-governmental organizations (INGOs), and install fiscal or fiduciary agents, among other risk management measures.

According to a 2019 [review of grant implementation in West and Central Africa \(WCA\) by the Office of the Inspector General \(OIG\)](#), the Global Fund grants were underperforming. This has been attributed to a range of problems which fall into two groups. Some issues depend on the country itself: their low income and health expenditure per capita, their fragility, weak health system with inadequate levels of human resources for health, and the low capacity of civil society organizations (CSOs). The other issues relate to the Global Fund procedures and grant management arrangements. The review ended with a list of recommendations to improve the performance of the grants, including relying on INGOs for their areas of strength like outreach to key populations, and the Ministries of Health for actual service delivery.

This article analyses the distribution of PRs in WCA for the ongoing implementation cycle 2021-2024. We conducted the analysis by dividing WCA into the two regions (West Africa and Central Africa) to allow a more granular understanding as they are politically different, although for management and Board

purposes the Global Fund regards them as one constituency. We found that INGOs are at the center of grant management in both regions. In Central Africa, INGOs manage more than half of the grants' resources; and government about a third. In West Africa, government entities manage slightly more than half of the total amount of grants; INGOs represent a close second at 37%. In both regions, UN agencies, CSOs, and other local non-state agents manage a tiny proportion of the grants.

The Global Fund Secretariat provides pre-packaged data in its data service

The data regarding these grants come from the Global Fund [data service](#), where the Secretariat offers pre-packaged datasets and a [data explorer](#). We used the pre-packaged dataset called 'Grant Agreements' which has a category labelled 'Community'. This encompasses all non-state actors, including both the local ones and the INGOs. We divided that category in half, keeping the term 'community' for local NGOs and labeling the rest as international NGOs.

We selected the data relevant to West and Central Africa and the new implementation cycle starting in 2021. Not all data for the WCA grants for the new cycle is available yet. The missing information concerns the malaria grants for Liberia and Mali, the tuberculosis (TB) grant for Niger, and all Chad and Sierra Leone grants. (Those countries have ongoing grants that will terminate at the end of June, September or December 2021.)

Signed grants for the West and Central Africa constituency total \$3.24 billion for 2021-2023

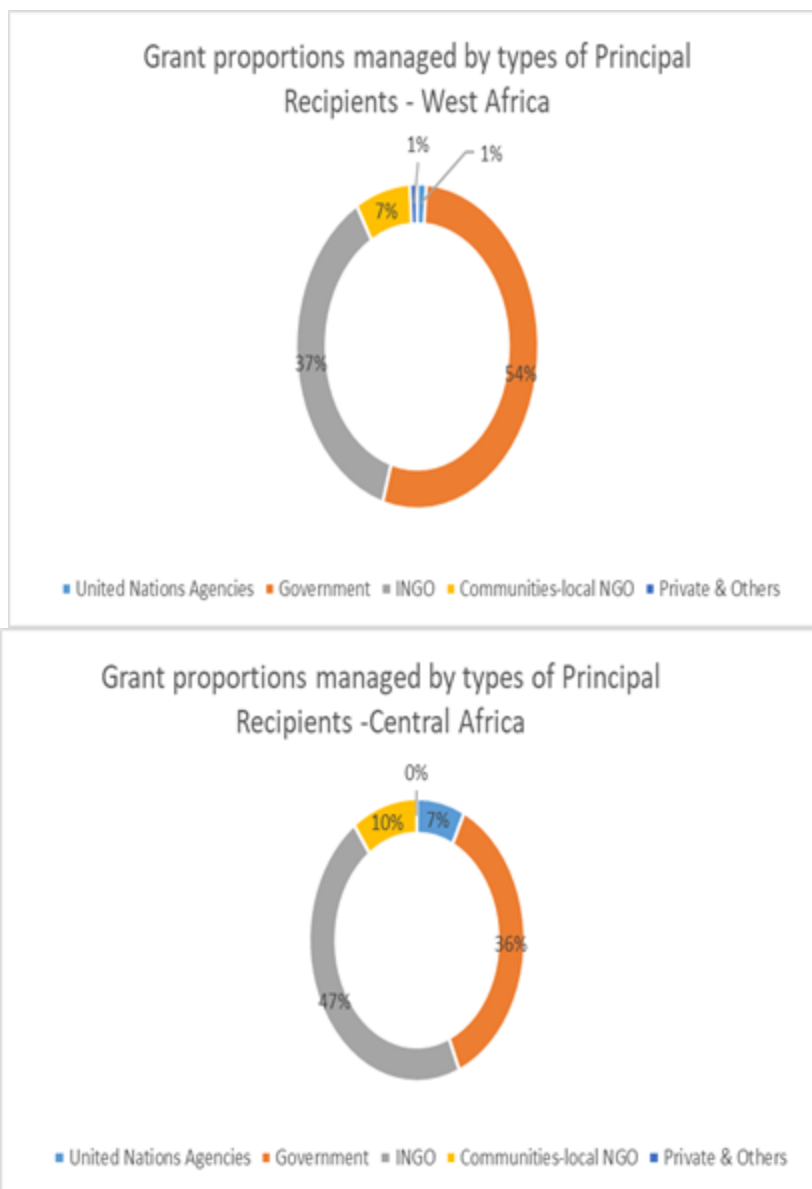
Using the data for grants starting in 2021, the total amount of signed active grants for the cycle 2021-2023 for West and Central Africa is \$3.24 billion. Of that total, 74% went to West Africa and 26% to Central Africa.

The largest grants went to Nigeria, followed by the Democratic Republic of Congo (DRC), due to their population size (about 211 million and 92 million respectively) and their high malaria burden of disease. For instance, Nigeria accounts for 27% of world malaria cases and 24% of the disease mortality, according to the [malaria report 2021](#). In both regions, malaria grants account for at least 50% of the Global Fund allocation.

INGOs manage between a third and half of the grants of the Global Fund in West Africa in the 2021-2022 cycle

Of the Central African countries' \$840 million signed grants, INGOs manage \$391 million (47%), governments \$305 million (36%), communities \$83 million (two organizations, one in Cameroon and the other in Gabon) (10 %) and the United Nations Development Programme (UNDP) \$61 million or 7% (Figure 1). In West African countries, government PRs manage \$1.3 billion, representing 53% of the grants' total, INGOs manage \$890 million or 37%, while seven community organizations manage \$176 million or 7% of the grants. The United Nations agencies and other PR manage 1%.

Figure 1: Grant proportions managed by types of Principal Recipients, West and Central Africa



Source: Author's calculations based on GF datasets

In individual countries, the proportion of the grant managed by governments varies widely from zero to 100%. For example, there are no government PRs in the Central African Republic, Congo, and Gabon in Central Africa; and 100% in Togo. Government implementer types also vary. The Ministry of Health (Guinea, Niger or Nigeria), the Office of the Prime Minister (Togo), the National Agency for the Control of AIDS or its equivalent (Nigeria and Senegal), or a State government (Nigeria), are government PRs across the region.

As may be expected, INGOs working in Nigeria and DRC manage the largest grants. They are Catholic Relief Services and Stitching CORDAID, managing about \$324 million and \$325 million respectively. The third largest INGO grant is Family Health International with \$290 million for the Nigeria program.

It is likely that the proportion of the grants managed by each category of PRs will slightly change as more countries finalize their grants for the 2021-2023 implementation cycle. The change is likely to increase the proportion of the grants managed by governments as UNDP transitions out of Chad, Sierra Leone starts a new cycle, and so on. But even as those proportions change, they will not dramatically affect the importance of INGOs as PRs of choice in the WCA constituency.

The INGOs/UN provide costly services. In grants managed by INGOs/UN, about 25% of the grants are

affected by the cost of 'Human Resources, Overheads, Planning, and Administration'. It is not clear if the country allocation formula and countries funding request do consider this factors when planning for the result to be achieve. This proportion can increase to as much as 66%, leaving a much-reduced amount for grant operations, [according to the OIG audit on high risks countries](#) (five of the countries listed among the 24 analyzed in detail were in WCA). Up to 7% of the value of grants cover the support received by the INGOs from their headquarters. Such overhead support is not permissible for local or community organizations. According to the OIG review, INGOs' performance is aligned with its government sub-recipient despite the higher cost. Thus, capacity building in the government PR would represent better value for money, added the report.

The proportion of grants managed by governments in WCA conceals the strength and involvement of other INGOs or private firms that support financial risk mitigation measures in some countries

Other private firms' risk mitigation costs deducted from grants

In WCA, 11 countries were under ASP or fiscal agents with government PRs, according to the OIG review. The Global Fund requires the services of private firms to provide fiscal, fiduciary, or procurement services on several grants either in conjunction with the ASP or not. Those safeguard measures last for several grant cycles. For instance, Mali is under ASP and Zero-Cash Policy since 2010, Burkina Faso has a fiscal agent since 2013.

The costs of fiscal agents are taken out of the grant, but their cost information is not readily available in the existing datasets. It would have been helpful to deduct risk mitigation costs like those from the grants managed by government PRs to get a clearer picture of the distribution of the Global Fund resources. The OIG audit in Cote d'Ivoire in 2016 indicated that the [fiscal agent costs represented 5% of the grants](#).

INGOs, UN agencies, fiscal agents are not a panacea- a comparative analysis is needed

Those INGOs/fiscal agents are not a solution. In 2019, the OIG audit in Sierra Leone found between 44% and 55% of financial irregularities had been approved by the fiscal agent team, including a procurement specialist. In 2019, an OIG investigation in DRC found that the management of [Population Services International, an INGO PR, manipulated tenders and inflated prices together with fiduciary agents](#) for personal gain. The OIG has documented cases of financial mismanagement in other countries with fiscal agents, INGOs, or UN agencies.

Some countries like Chad or Togo which used to have INGOs and UN agencies as PRs are transitioning (or have transitioned) to managing their grants without them. The countries set up a program management unit, recruited and trained personnel, and paid them salaries that were at a higher level than the government entities but lower than the INGOs.

An updated cost-effectiveness analysis is needed to compare the cost and the benefits of those ASP risk mitigation measures with the alternative local entities with appropriately trained and resourced staff. Those local entities could be governments and/or CSOs. Such a study would inform decisions regarding the best options for financial and program implementation and, hopefully, increased performance of Global Fund grants in West and Central Africa. If any outside entity is chosen, the cost of this must be taken into account as a key factor in the country's grant allocation and performance, as the Global Fund allots performance-based grants. Country allocation is based on a country's burden of disease and income level. The Key Performance Indicators (KPIs) are related to these. One cannot expect a country to achieve its performance targets when, from a practical perspective, its resources are reduced materially: at least 25% of the grants managed by INGOs or UN agencies are not available to be used directly for interventions to achieve the program's key objectives. Other stringent measures to reduce risk come at the expense of timely implementation. Indeed, there is an inherent trade-off between mitigating the risk of

mismanagement and achieving results. This leads us into a whole new discussion regarding 'risk appetite,' country ownership and capacity building, which we hope to cover in another article expanding this argument.

If nothing else, it is also important to review those measures regularly instead of them seeming to be 'set in stone' for as long as the Global Fund continues to invest in those countries.

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