



Independent observer
of the Global Fund

THE GLOBAL FUND CHALLENGING OPERATING ENVIRONMENT POLICY COULD DO MUCH BETTER: BUT IS THE SECRETARIAT TAKING THE EASY WAY OUT?

The [Challenging Operating Environment](#) (COE) Policy and its operationalization have just been evaluated by the Global Fund's independent Technical Evaluation Reference Group (TERG). The report, together with the Secretariat's initial response, were part of the reading material sent to constituencies ahead of the Strategy Committee meeting planned for 10-12 October. Aidspace obtained a copy of those documents which form the basis of this article.

The COE Policy "aims to systematize the Global Fund's approach in COEs [...and] "improve effectiveness in COEs through innovation, increased flexibility and partnership," according to the [text adopted by the Board in 2016](#). Countries, regions and areas labelled as having challenging operating environments are characterized by weak governance, poor access to health services, and man-made or natural crises, according to the Board. Ukraine became the last country classified as COE following its invasion by Russia in February 2022. Currently, the Global Fund Secretariat classes 29 countries as COE. COE countries account for approximately 30% of the Global Fund's investments, according to the Global Fund's document [Conflicts, Crises and Displaced People: How the Global Fund Works in Challenging Operating Environments](#).

Figure 1: Map and list of COE countries as of April 2022

Countries listed as challenging operating environments, April 2022

Afghanistan
Burkina Faso
Burundi
Central African Republic
Chad
Democratic Republic of the Congo
Eritrea
Guinea
Guinea-Bissau
Haiti
Iraq
Democratic People's Republic of Korea
Lebanon
Liberia
Mali
Myanmar
Nicaragua
Niger
Nigeria
Pakistan
Palestine
Sierra Leone
Somalia
South Sudan
Sudan
Syria
Ukraine
Venezuela
Yemen

2 The ERI is a measurement tool developed by the Global Fund Secretariat, derived by compiling data from 10 authoritative published indices highlighting

Source: [Conflicts, Crises and Displaced People: How the Global Fund Works in Challenging Operating Environments](#)

Currently, the West and Central Africa constituency is home to the highest number of COE countries (11) followed by the Eastern Mediterranean region (7).

Evaluation findings

The evaluation found that the COE Policy and some aspects of its operationalization are commendable. The Secretariat has put in place a team and processes to support COE countries in implementing grants.

Several case studies reveal some real success. For instance, the Myanmar case study included in the TERG report states that “the COE policy has been widely used in Myanmar with flexibilities applied to supporting management, processes, and administration to help grant implementation to continue activities in a complex and volatile context within the GF’s rules and regulations. Budget flexibilities, salary increases, longer reporting deadlines, adjusted targets, and reduced data verification requirements have all been used and appreciated by local implementers.”

However, the TERG found strategic and operationalization gaps in the Policy.

The evaluation found that the Policy’s use is constrained by the unclear and inconsistent desire of Global Fund Country Teams to take risks when implementing Global Fund grants. Thus, it proposes a different kind of risk-taking attitude for COE countries. The Evaluation also found that the Policy is not well-known in countries eligible for Global Fund support and its provisions are not fully explored. The evaluators make several suggestions related to information sharing, and pre-packaging flexibility to facilitate uptake and reduce financial risk.

The evaluation also found that in many countries the COE Policy is confused with the [Additional Safeguard Policy](#) as both are often applied together. Currently out of 29 countries that are COEs, 20 are also under ASP. The ASP is invoked when implementers mismanage Global Fund grants or if the

probability that they will do so is high. In particular, the ASP allows the Global Fund Secretariat itself to choose the grant implementers, rather than leaving this decision up to the country. In countries that are not under ASP, implementer selection is conducted by the Country Coordinating Mechanism (CCM).

The TERG evaluation provided eight recommendations to improve the impact of the Global Fund investments in countries designated as having a challenging operating environment, to which the Secretariat has responded. It agrees with four recommendations.

This article is based on both the TERG’s evaluation report and the initial response of the Global Fund Secretariat.

The recommendations and the Secretariat’s response

Table 1: Conclusions and Recommendations from the Global Fund’s Performance in Challenging Operating Environment (COE) Evaluation and Secretariat’s response

Conclusions	Recommendations	Secretariat initial opinion
1. The Policy’s use is constrained by the unclear and inconsistent desire of country teams to take risks when implementing Global Fund grants and this contributes to the Policy’s inconsistent application	Adapt risk acceptance approach with clear financial risk thresholds for COE grant portfolios and provide clear guidance to the relevant departments across the Secretariat and country implementing partners for the new funding cycle.	Disagree as it may not be convenient to have different risk appetites depending on the country classification Mostly agree.
2. Limited understanding of the COE Policy at the country level, and the lack of a structured opportunity to consider flexibilities, innovation and partnership appropriate to the context, contributes to the Policy’s unfulfilled potential.	Ensure a more consultative process to engage eligible country stakeholders on how to operationalize the COE Policy during the new funding cycle and future grant-making processes; including by putting the information in a revised Operational Policy Note (OPN)	The revised OPN may not be the best place for this information, but it could be included in the Access to Funding materials
3. Periodic COE stakeholder meetings hosted by the Secretariat’s COE Team are appreciated and provide opportunities for exchanging experiences, but additional opportunities for learning and sharing are needed.	Pilot packages of pre-defined flexibilities for five or more COE countries representing diverse contexts to test whether an automatic/opt-out differentiated approach contributes to improved results within acceptable risk thresholds.	Partially agree because the situation changes quickly in COE countries. In addition, COE countries need flexibilities, not more pre-defined packages

<p>4. The standard three-year program planning cycle is insufficient to achieve measurable change in health systems contexts, particularly amidst chronic instability.</p>	<p>Ensure that practical examples of COE best practices with regards to flexibilities, innovation and partnerships are referenced in the OPN and routinely documented and disseminated, particularly in preparation for grant negotiations during the new funding cycle</p>	<p>Fully agree with sharing examples and information on flexibilities across different teams in the Secretariat</p>
<p>5. Human resources for health (HRH) (from program management to service delivery) are often particularly scarce in COE settings due to insecurity, out-migration and violence.</p>	<p>Provide clear tools and guidance to support the use of flexible partnerships and contracting mechanisms to encourage partnerships with organizations appropriate to the needs of each COE context in the new funding cycle</p>	<p>Broadly agree with sharing information</p>
<p>6. In some COE contexts, governance and implementation structures can bypass government programs and local stakeholders, resulting in strained relationships and a lack of ownership by national authorities. Clear plans for strengthening engagement of governments and local stakeholders in program implementation are needed, even for transition from ASP in some contexts.</p>	<p>Ensure long-term (six – nine years) and contingency planning for strengthening resilient and sustainable systems for health in COE portfolios is undertaken jointly with partners and national stakeholders. The security of health workers and a “do no harm” ethos should be paramount in determining how to address HR) issues in both the short- and long-term.</p>	<p>Partially agree because it may not be feasible to have a health system strengthening plan for six to nine years in COE countries.</p> <p>But fully agree with the importance of the health system and HRH as well as the “do no harm” approach</p>
<p>7. No evidence of consistent or appropriate efforts to apply the Protection from Sexual Exploitation and Abuse, Sexual Harassment and Related Abuse of Power (PSEAH) Operational Framework (2021) – nor to ensure the safety and security of key and vulnerable populations (KVPs), particularly in their engagement with Global Fund activities.</p>	<p>Facilitate participatory capacity strengthening planning to address underlying constraints to local ownership, leadership and implementation of grants. Work with appropriate partners (e.g., the United States Agency for International Development and the World Bank) and local stakeholders to develop a grant management capacity assessment and planning tool to develop a country ownership plan.</p>	<p>Partially agree; capacity building is better done by in-country partners.</p>

8. Despite the well-established link between gender-based violence (GBV) and HIV transmission, and the increased risk of GBV in unstable contexts, the evaluation found limited evidence of adequate consideration of gender-responsive approaches and GBV support or partnerships in COE countries.

Prioritize implementation of the PSEAH Operational Framework, including the safety and security KVPs involved in Global Fund activities. In addition, GBV prevention and response requires special attention in COE portfolios.

Fully agree

Note: The conclusions and recommendations originate from the TERG; the Secretariat initial opinion comes from the document of the same name.

Table 1 above summarizes the fact that the Secretariat agrees to provide more information to its staff and to ensure that in the future the COE Policy incorporates PSEAH, as well as the prevention of GBV. It appears as if it would be a fairly simple thing to make these changes.

However, it also seems that the Secretariat does not fully agree with any recommendations that appear more difficult to tackle. These include the adjustment of risk acceptance (Recommendation 1) or a longer-term plan for health system strengthening (Recommendation 6). Yet implementing these recommendations is likely to have a more beneficial impact in the medium to long term.

Share information to inform other implementers

To date, the Secretariat has not published information on the flexibilities that it has offered countries over the past two cycles. However, it should share this information more widely, especially with the COE countries themselves. Learning about flexibilities and concessions granted to other COE countries would help those COE country governments to better understand exactly what is actually possible and allowed. The Secretariat could provide this information together with the package of information included with the Allocation Letters. The COE Policy should also address access to funding, the technical assistance that could be provided including for reinforcing health systems, and the reporting of results. The Secretariat should also clarify whose responsibility it is (Global Fund or country) to request those concessions. Such details are not in the existing Policy.

It would be useful for the Global Fund to organize an annual meeting with implementers and their CCMs together with Secretariat representatives to exchange views and discuss commitments to adopting and/or changing practice to improve grant implementation and impact in COE countries. Such meetings are already currently held with the Global Fund Secretariat and some humanitarian organizations.

The frequent confusion of the COE Policy with the ASP results in some poor outcomes. The Global Fund needs to put an ASP exit strategy in place, with clear milestones to be independently verified.

Global Fund impact in COEs

Challenging operating environments vary greatly from countries where an active international or civil war is being waged, as in Ukraine, to post-conflict countries such as Liberia. Thus, 'impact' can mean different things, especially in this post-COVID-19 world. It might mainly entail distributing medications, for example, antiretroviral drugs to persons living with HIV. In other countries that are post-conflict but with weak institutions, it might necessitate accompanying the government and the non-state implementers to deliver quality services with sustainability in mind.

Either way, saving lives and preventing diseases in COE countries is both possible and necessary. It requires not only good will and appropriate policy support at the Global Fund Secretariat level but also the

active involvement and understanding of local communities, humanitarian and other non-state organizations and of course governments.

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