



Independent observer
of the Global Fund

THE SOUTH SUDAN MALARIA GRANT IMPLEMENTATION IS YET TO START SEVERAL MONTHS INTO THIS GLOBAL FUND PROGRAM CYCLE

The Global Fund Secretariat and the South Sudan Country Coordinating Mechanism (CCM) allied with the Ministry of Health (MOH) are at odds over selecting the Principal Recipient (PR) for the malaria grant.

South Sudan, a low-income country classified as a Challenging Operating Environment country, is marked by a recent history of civil war and instability. The country is under the Additional Safeguard Policy (ASP), which allows the Secretariat to single-handedly select a PR. The Secretariat disregarded the CCM's selection of the United Nations Development Program (UNDP), existing PR for the HIV and tuberculosis (TB) grants, as a sole PR for all three grants. The consolidation proposed by the CCM aimed to increase efficiency and value-for-money while decreasing the administrative workload for the MOH, a sub-recipient (SR) for all three grants. Population Services International (PSI), the current PR for malaria, declined to continue in that capacity for the implementation cycle 2021-2024. Thus, South Sudan's CCM submitted two funding requests for the second window in May 2020, one for HIV/TB and another for malaria, with UNDP as the PR for all grants, of which the Global Fund Country Team was aware.

The first step of submission is a screening by the Secretariat which allowed it to proceed. Our sources stated that the Technical Review Panel reviewed the submission and did not flag any issue regarding the PR from either a managerial or technical perspective. A few days earlier, the Secretariat had published an expression of interest (EOI) inviting "experienced organizations to assume the role of Principal Recipient in South Sudan for a Malaria grant for the 2021-2024 implementation period." The invitation to submit an EOI was open only to organizations that the Global Fund had prequalified to work in COE countries.

The selection process was supposed to end in September, according to the document reviewed by Aidsplan. The malaria grant was meant to start in January 2021 and a cost extension for the existing PR, PSI, was signed to carry implementation activities forward up to June 2021. However, our sources have informed us that it is only in March 2021, three months into the new grant implementation period, that the Secretariat informed the CCM of the selection of the United Nations Children's Fund (UNICEF), as the PR for malaria.

The MOH was not in agreement with this decision and, as a result, the substantive grant-making process is yet to start.

This tension is unfortunate, considering that malaria remains one of the biggest causes of illness and death in children under five. According to the 2020 World Malaria report, South Sudan accounts for 1% of malaria cases and deaths worldwide, but the country has only 0.14% of the world's population. The Office of the Inspector General (OIG) [audit of South Sudan grants](#) published in November 2019 stated that malaria accounts for 45% of all visits to health facilities and 9% of all hospital admissions. Moreover, the Global Fund is one of only two major donors for malaria control in the country, the second being the President's Malaria Initiative (PMI).

Information for this article comes from sources familiar with the situation in South Sudan, a cost-efficiency study commissioned by the CCM, an OIG audit report and other documents available on the Global Fund website. Aidsplan has sent written questions concerning the malaria program in South Sudan to the Global Fund Secretariat but at the time of writing had not received a response.

UN agencies and International NGOs incur higher management costs for better financial risk mitigation

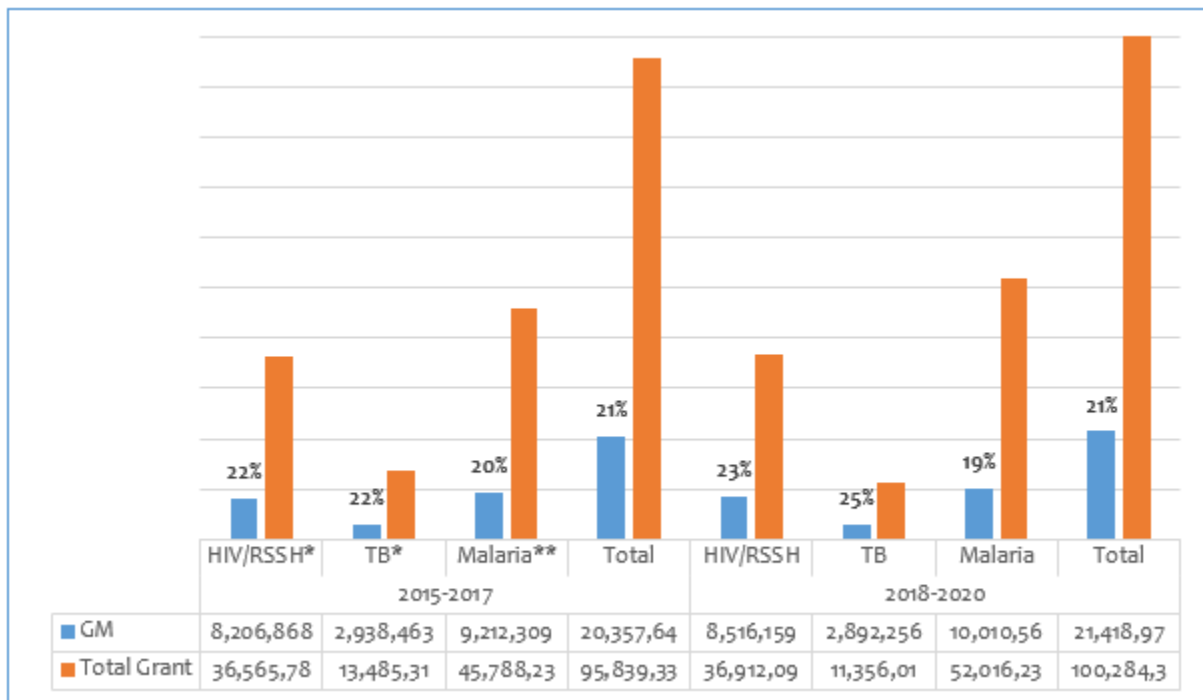
According to Global Fund [data](#), the Global Fund has been investing in South Sudan since 2004, when South Sudan was still part of Sudan. After South Sudan became independent in 2011, the new country started receiving its grants separately. In total, the country has received investments amounting to \$481,147,694 out of \$544,856,954 signed, which represents a historical absorption rate of 88%.

UNDP has been PR for HIV and TB, and PSI for malaria, since independence. It should be noted that South Sudan has also been under a zero-cash policy since 2013, which invokes additional controls to mitigate financial risks. No South Sudan institution has ever been PR, probably as a result of gaps in capacity. The OIG audit of 2019 found that risk mitigation needed significant improvement but grant arrangements, governance and partner coordination were partially effective. The audit included several agreed management actions aiming to improve grant implementation that were all due to be finalized by December 2020. The COVID-19 pandemic might have hindered their timely and successful completion.

According to our sources, during the 2017-2020 cycle, UNDP assessed the MOH's capacity and developed a capacity-building plan that was shelved because of a lack of funds. The United Nations agencies and international non-government organizations (INGOs) can quickly muster the ability to drive good financial management and grant performance. But they also cost much more than governments or other local NGOs in a similar setting. In South Sudan, 19% to 25% of the grant resources went to grant management during the last two implementation cycles (Figure 1 below).

Figure 1 Grant Management costs relative to the total grant value (US\$) in South Sudan during the last

two implementation cycles



Source: Study commissioned by the South Sudan CCM on cost-efficiency of Global Fund grant implementation; *based on expenditure data provided by UNDP; **based on the Concept Note summary budget.

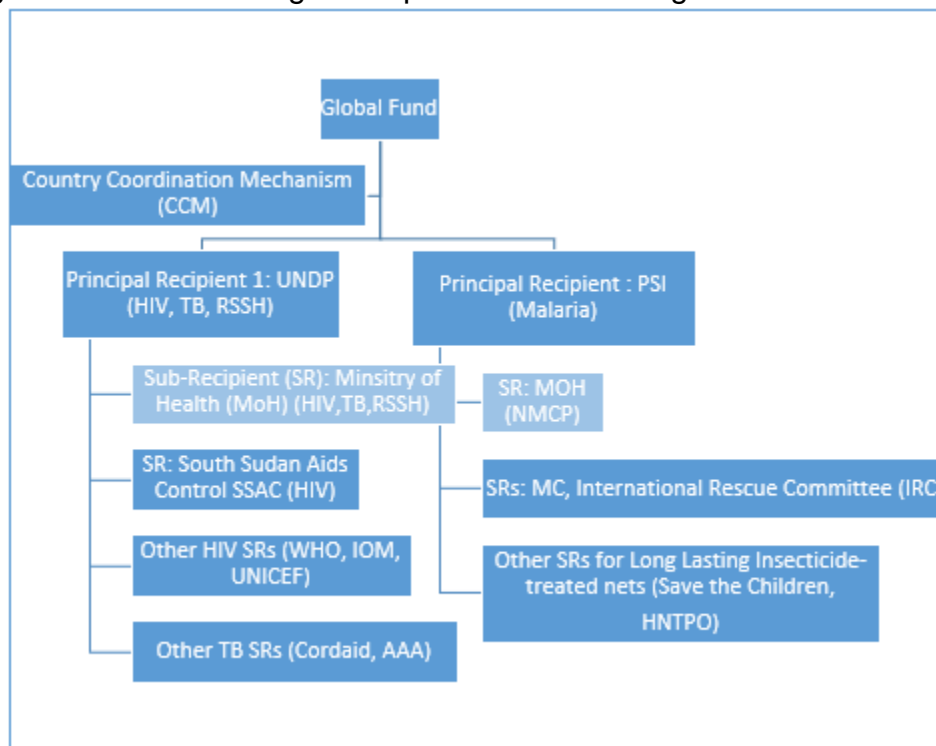
Note GM – Grant management

According to a cost-efficiency study on grant management commissioned by the CCM and reviewed by Aidspan, 51% of the management costs went to human resources, 21% to indirect costs, and 18% to planning and administration activities. The annual audit used up to 2% and the remaining 7% went to 'Other'.

Grant implementation: The Ministry of Health and other INGOs are sub-recipients

INGOs and United Nation agencies (including UNICEF), together with the MOH, are grant SRs for the 2017-2020 cycle. It is thus clear that a higher proportion of the Global Fund resources goes to grant management. In addition, the two PRs have different internal and risk mitigation procedures. The MOH is a SR under both PRs and has to meet two different sets of requirements, thinly stretching an already overburdened staff.

Figure 2: Global Fund grant implementation arrangements for 2018-2020



Source: Study commissioned by the South Sudan CCM on cost-efficiency of the Global Fund grants implementation;

Note: UN agencies – UNDP –United Nations Development Program; WHO- World Health Organization; IOM- International Organisation for Migration: International Non-Government Organization (INGO) HNTPO- Health Net TPO;

The MOH decided to set up a grant management unit that would be a focal point for the Global Fund grant for the new cycle of 2021-2024. The creation of this unit will help to streamline the programs' implementation and lines of reporting.

The CCM grant consolidation proposition dismissed

It is worth mentioning that the rainy season in South Sudan often starts from [April](#) onwards and with it comes higher malaria transmission rates. It would have been best to have a PR on the ground preparing for interventions before the rains start. Moreover, the current extension is due to end on 30 June, and after this date there is a real risk that the essential life-saving malaria program will be severely compromised if the Global Fund malaria grant is unable to start, leaving the country with the PMI grant which alone is insufficient to meet the demand. If there is no grant in place by 30 June, Aidsplan hopes that the Global Fund and the CCM will put in place measures to ensure the continuation of life-saving malaria services.

The South Sudan allocation is about \$122 million, according to the Global Fund data page. For the South Sudan CCM, if UNDP were to manage all three grants, it would cost about \$15 million in management costs, which is about 13% of the grant, according to our sources. These sources also stated that the UNICEF grant management cost would be similar to that of PSI. Thus, consolidating all three grants for a management cost of \$15 million and similar risk management will save about \$6 million that could be used for service delivery gaps and capacity building.

Such comparison assumes that UNDP and UNICEF will perform similarly in managing the malaria grant. If UNICEF were able to manage the malaria grant more proficiently than UNDP and achieve a better program performance, it makes sense to expend more on management costs by having two different UN agencies as PRs. Better still, if UNICEF performance were indeed to result in improved managerial and

technical implementation for the malaria program grant, then it might also be a contender for managing the other grants for the HIV and TB programs.

Better management of countries deemed to have Challenged Operating Environments under Additional Safeguard Policy is urgently needed

All this wrangling over the selection of the PRs has an air of déjà-vu: a similar story unfolded in Nigeria in 2020 over the selection of the HIV PR for the key populations, as described by Aidsplan in the article [The Global Fund Secretariat at odds with Nigeria over the HIV key populations Principal Recipient](#).

It appears that there are systemic issues in managing countries under COEs and additional safeguard policies.

It is important that the countries placed under ASP and zero-cash policy are also provided with a clear exit roadmap with milestones that all stakeholders, including the CCM, the PRs, the partners, and the Secretariat, can jointly monitor. The roadmap should have a capacity development plan supported by the Global Fund if needed. This kind of transition plan is needed for countries that have been under ASP for several cycles with no end in sight.

Editor's Note: Since the GFO was unable to obtain any comment from the Global Fund, Aidsplan will publish a follow-up article if we receive any feedback. However, we have updated the article based on new information received.

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