



Independent observer  
of the Global Fund

## Global Fund's transition management processes are mostly effective, OIG audit finds

In 2016, the Global Fund Board approved the [Sustainability, Transition and Co-financing](#) (STC) policy, a policy designed to guide implementing countries' transition from Global Fund support to their own full funding and implementation of their HIV, TB and malaria programs.

The purpose of the 'transition' component of the STC policy is "to establish a proactive approach, principles and framework for promoting effective transitions".

Some countries either become ineligible for continued Global Fund support due to changes in their classified income status (to high income) or they voluntarily transition, by ensuring that they fund the work previously accomplished under a Global Fund grant with domestic financing. Once a country disease component becomes ineligible for funding, it "may be eligible" to receive up to three years of transition funding before Global Fund financing ends.

The OIG has performed an Audit of the 'transition' element of the policy, focusing on how the Global Fund is operationalizing the policy.

The OIG's [audit report](#) was published on 3 September 2018.

The audit was intended to provide the Global Fund Board with "reasonable assurance on the adequate design of transition processes" under the STC policy, and the effectiveness of those processes.

The fact that the STC policy was created in the first place was a ground-breaking achievement for the Fund, and another pioneering move – not many organizations develop principles and frameworks for

recipients' transitioning away from their support.

The audit report rated the adequacy and effectiveness of Global Fund governance mechanisms to support transition as 'effective', and the key processes to operationalize the transition component of the STC policy as 'partially effective'.

The OIG identified three main findings: First, that most transition challenges are "country led and beyond the direct control of the Global Fund". Second, that transition mechanisms have been enhanced but strategic challenges remain in operationalizing transition. Third, that grant processes are appropriately tailored to support transition planning and preparedness but monitoring of activities needs improvement.

The report also notes the need to identify alternative mechanisms to support countries post-transition (notably access to quality-assured medicines) and for improvement in the monitoring of transition grants.

Ten countries with 'transition components' sampled

The audit was based on a sample of ten countries that either are already receiving transition funding for 2017 to 2019, or are projected to have 'transition components' from Global Fund support by 2025. The ten countries are:

- Albania, Cuba, Sri Lanka, Turkmenistan, and Paraguay (ineligible for funding allocation since 2014-2016 and receiving transition funding 2017-2019);
- Sri Lanka (projected to become ineligible for funding in 2017-2019 due to upper-middle income [UMI] status);
- Kosovo (projected to become ineligible based on move to UMI status in 2020-2022);
- Malaysia, Romania and Costa Rica (projected to become ineligible due to move to high-income status).

Currently, a total of twelve disease components with a total allocation of approximately US\$35 million are receiving transition funding within the 2017-2019 funding cycle. They have a maximum of three years to implement transition activities.

The full list of countries projected to become ineligible for allocation and therefore due for transition is available in Annexe C (page 23) of the OIG's report. Annexe D lists projections by disease component of countries due to transition by 2025.

Audit report main findings

We summarize each of the three main findings below:

Main finding 1: Most transition challenges are country-led and beyond direct control of the Global Fund

The nature of the transition out of (or at least moving away substantially from) Global Fund funding means that the Fund's leverage and influence over national processes and dialogues to address related challenges is limited. Given this, the OIG stated, "it is even more critical that the Global Fund Board, the Secretariat, partners and civil society organizations work together with the country to ensure successful transition".

Specific elements the report called out include:

- "Political willingness for key programmatic, financial and institutional changes to fight the three diseases" (a country's ability to pay "does not necessarily translate into a willingness to prioritize

- investments in the three diseases or support key populations”)
- A legal framework and supporting environment to sustain coverage for key populations (concerning support for civil society organizations and the legal hurdles in some countries forbidding international procurement of health commodities, even in the absence of approved local quality-assured manufacturers of antiretroviral or TB medications)
  - Post-transition governance and oversight (country coordinating mechanisms may not be “fit for purpose in the specific context of transitioning countries”; six of the 10 countries reviewed have not yet considered post-transition governance)
  - The need for advocacy support in transition countries (“across all countries, advocacy at the senior government level before and during transition remains a key need”)
  - Predictability and early planning (the report calls for countries to start planning for transition “several years in advance of the expected exit from Global Fund support”).

Main finding 2: Transition mechanisms have been enhanced but strategic challenges remain in operationalizing transition

The OIG found that while the Global Fund has “significantly improved its mechanisms to support transition” there are “expectation gaps between the Board and the Secretariat in relation to operationalizing the STC policy”.

The report says that processes to support transition grants previously led by a Steering Committee are now embedded within grant management, and the Secretariat has developed Implementation Key Performance Indicators (IKPIs) to track progress on identified success factors for transition planning and preparedness. These measures are “appropriately designed” to support operationalization of the STC policy, the OIG says, but more time is needed to assess their effectiveness.

The “expectation gaps” emerged in interviews conducted by the OIG during the audit, with a number of board members, constituencies and partners, the OIG told Aidspace in an email.

“Their feedback highlighted that there was a disconnect between the expectations of the Board, Strategy Committee and the Secretariat,” the OIG said, concerning the development of the policy (some interviewees felt that their input had not been included), the frequency of updates to them on transition, and the operationalization of the policy.

The OIG concluded that there had been “considerable, frequent and in-depth communication on these issues, designed to explain the work of the organisation regarding transition and the operationalization of the policy.” Nonetheless, “the recipients of these communications clearly felt frustrated”.

Based on this, the OIG noted that expectations about communications have not been clearly enough defined regarding the engagement between the Board and the Secretariat, as despite the updates and engagements, Board Members still felt their requests for updates had not been met.

Main finding 3: Grant processes are appropriately tailored to support transition planning and preparedness but monitoring of activities needs improvement

The OIG states that the Secretariat has enhanced its processes, tools, resources and approval mechanisms to operationalize transitioning grants, but says that “improvements are needed to monitor transition activities” and specifies the need for specific indicators.

Agreed Management Actions

The OIG agreed two actions with the Secretariat, both for the last of its three main findings, relating to the monitoring of transition activities, explaining that “most of the transition challenges are beyond the Global Fund’s direct control”.

The first AMA states that the Secretariat will revise the training plan for the ongoing Sustainability and Transition training for 2019, to incorporate lessons learned from previous transition work and improve the training’s overall effectiveness. The training will be offered to fund portfolio managers as well as other members of Global Fund country teams. The revision is due by 31 December 2018.

The second AMA stipulates that the Secretariat reinforce its approach to monitoring transition grants by providing formal guidance to country teams. This is to ensure that the right indicators and tracking measures “are systematically and consistently included in performance frameworks for transitioning grants.” This AMA is due to be completed by 31 March 2019.

### Country ownership and political will

The Secretariat’s response to the OIG’s report was to reinforce its commitment to country support and its principle of country ownership: “The Global Fund Secretariat is committed to continuing its work to support countries to successfully prepare for Global Fund transition, a key piece of the 2017-2022 strategy and a strategic priority,” Global Fund head of communications Seth Faison said, in an email to Aidspace.

“The audit report highlights the strong progress the Global Fund has made in the operationalization of the STC Policy and its efforts to embed transition considerations into the work of the Global Fund,” Faison said.

“The audit also reinforces the reality that successful transitions from Global Fund financing are strongly related to country ownership and political will, and that many factors which influence successful transitions are beyond the Global Fund’s direct control.”

The [full report of the OIG audit on Transition Management](#) is accessible on the Global Fund website.

Further reading on eligibility for, and transitions from, Global Fund financing:

- The Global Fund’s STC Guidance Note: [https://www.theglobalfund.org/media/5648/core\\_sustainabilityandtransition\\_guidancenote\\_en.pdf](https://www.theglobalfund.org/media/5648/core_sustainabilityandtransition_guidancenote_en.pdf)
- The Global Fund’s Instructions for the Tailored Transition Application: <https://www.theglobalfund.org/en/applying/funding/materials/> and [https://www.theglobalfund.org/media/5731/fundingrequest\\_transition\\_instructions\\_en.pdf](https://www.theglobalfund.org/media/5731/fundingrequest_transition_instructions_en.pdf)

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