



Independent observer
of the Global Fund

Inspector General's annual report to the Global Fund Board describes 'strategic themes' – and the inevitability of risk

The Inspector General, Mouhamadou Diagne, introduced his annual report to the Global Fund Board with, on the one hand, praise for the Fund's steady expansion of HIV treatment, progress towards malaria control or elimination, and high success rates in the treatment of tuberculosis, and on the other, by highlighting key areas that continue to require attention, namely program quality, finding missing TB cases, transition (and sustainability), and the need for an increased focus by the Global Fund on finding the right balance between short-term delivery needs and national implementers' longer-term capacity building.

Presented to the Global Fund's 41st Board meeting in Geneva on 15-16 May, the report also noted continued improvements in the Global Fund's own internal processes and systems, and that the Fund as an organization is increasingly maturing (alongside which the Fund needs to pay attention to managing stakeholder expectations).

However, he observed, the organization's increased maturity does not mean that risk will necessarily diminish or not materialize, as perpetual risk is in the nature of the Global Fund's work –in its delivery model and the environments in which it operates. "Risk-taking is inherent to the Global Fund's business," he said. "Thus risk-taking and its corollary, the inevitable materialization of adverse events, will remain a constant feature of the Global Fund's landscape." What needs to evolve, he goes on to say, is how the Global Fund manages and responds to that reality.

Structure of the OIG annual report

The report contains concise sections on "the year at a glance" for each of the Global Fund and the OIG,

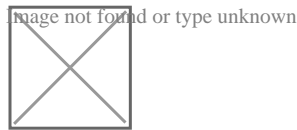
on significant strategic themes, key operational processes, progress on the OIG's 2018 work plan, "looking ahead" to 2019's work plan, a summary of reports published in 2018, and a useful annex explaining the hierarchy of 'organizational maturity'.

This article will focus mainly on the OIG's own highlights, and summarizing the "strategic themes" the OIG has identified. Each strategic theme sub-section offers several country examples that illustrate specific assertions; for the sake of space, the GFO is omitting individual country examples in this article.

OIG facts and figures

Introducing the figures relating to individual components of the OIG's work in 2018 (see Table 1 below) compared to the same figures from 2017, the OIG notes that apart from its "core assurance mandate" it is increasingly taking on advisory engagements, and has restructured its front office with the creation of a Professional Services Unit.

Table 1: OIG Facts and Figures



Source: The Office of the Inspector General 2018 Annual Report

Significant strategic themes

01 The Global Fund Partnership is achieving significant impact: Significant expansion of HIV treatment coverage, progress towards malaria control or elimination, TB treatment success. But the OIG noted "persistent challenges" related to the quality of services delivered, notably weaknesses in HIV diagnosis and adherence to national guidelines; HIV coverage for KAPs is still inadequate in some countries; retention and monitoring of HIV patients remains weak in some countries; limited integration of service delivery affects access to quality services.

02 Finding the missing TB cases: With TB now the biggest killer among infectious diseases (1.6m deaths each year), the WHO's estimate that about 3.6 million people with TB remain missing is especially noteworthy. The Global Fund, as the largest source of international financing for TB programs in the world (74% in 2018), is critical to the fight against this disease. While the OIG acknowledges that the complexity of the missing-TB-cases challenge, whose socio-economic and systems-related drivers are substantially out of the Global Fund's control, the OIG's audits in 2018 pointed out some related shortcomings in the context of Global Fund grants. These driving factors include underutilization of available technology (GeneXpert screening machines for case detection) and weak links with the private sector, meaning that although in some countries, a high proportion of TB patients (eg. 42% in Kenya) initially the use private sector as the initial point of care, the private sector has not been actively engaged/tasked with TB diagnosis and treatment.

03 Managing Transition and Sustainability of Global Fund grants: Following the 2016 introduction of the Sustainability, Transition and Co-financing (STC) policy, the OIG's 2018 audit of Transition Management Processes recognized that the Secretariat had made significant progress in implementing the STC policy. The OIG's annual report points out "notable improvements" such as the allocation of dedicated resources, the enhancement of grant-making processes to fit the needs of transition portfolios, and tools developed to support transition planning and preparedness.

In addition, the report notes that Transition Readiness Assessments (or the equivalent) have been conducted for all transitions – countries and components – in the current allocation cycle. The challenges

highlighted in the OIG audit pose “a significant risk to successful transition outcomes”: limited political will, legal and cultural barriers (that affect particularly key populations’ access), insufficient evolution of program governance mechanisms, and gaps in effective advocacy at senior government levels.

The OIG does comment on a couple of encouraging shifts: trends of increased country ownership, and increasing government commitments – but with gaps in actual investments by governments. The report also emphasizes that sustainable impact requires an increased focus on capacity building, especially in challenging operating environments where implementation performed by international NGOs in lieu of national entities is expected to build the capacity of national implementers (especially Ministries of Health) – but the capacity-building components are not being effectively implemented, the OIG says.

Finally, on balancing short-term delivery needs and long-term sustainability goals, the OIG acknowledges that building the capacity of national implementers is complex, with many factors out of the realm of the Global Fund’s or implementing partners’ control – such as in-country political will, leadership and commitment, and limited available human and financial resources. The OIG proposes that the Global Fund works with its current international implementers and countries’ own entities to develop “more robust capacity-building roadmaps, with realistic timeframes, clear milestones and metrics to gauge progress and to measure success”.

04 Managing financial risks and changing fraud risk profile: Looking at the chart (Figure 2: Changing Risk profile) that tracks the different kinds of financial irregularities identified in OIG investigations is revealing. The report acknowledges that OIG investigations have become more diverse over the years, “evolving in line with the financial and fraud landscape”. For example, in 2014-2015, 80% of investigation reports looked into procurement fraud, and in 2018, just 20% (with increases in training- and supply-chain-related frauds, among others). Two areas of “emerging” fraud risk highlighted by the OIG (after their appearance in recent OIG investigations) are salary-kickback schemes ([Nigeria investigation](#), 6 August 2018) and other current ongoing investigations into similar allegations in several countries) and programmatic data fraud ([Guinea investigation](#), 30 October 2018).

Key operational processes

This section of the OIG’s report summarizes the findings from internal reviews carried out in 2018, and confirms “continued operational improvements and process optimization efforts within the Secretariat”. Some key Global Fund business processes have already reached an ‘embedded’ stage of maturity (Finance; and Strategy, Partnerships and Fundraising). Specific topics covered here are risk management (“significant steps towards an embedded level of maturity”), sourcing and supply chain (“strategic direction being defined”), grant management (“key improvements made, significant challenges remaining”), information technology (“slow migration towards a strategic business enabler”), human resources (“tackling performance management”), and governance (“ongoing maturity journey”).

Progress on the OIG’s 2018 work plan

Of the 19 audits in the OIG’s 2018 work plan, all have been completed, with 14 already published, two published in Q1 of 2019, and three to be published in Q2. In addition, the OIG performed four advisory engagements in 2018, notably the resource-intensive analysis of grant implementation in West and Central Africa (see [GFO article, 17 May 2019](#)), which meant that two other planned advisories were postponed to 2019 and are currently in progress.

2019 work plan

The 13 country audits planned for 2019 will cover 24% of the 2017-2019 allocation, taking into account countries with “high residual risk factors” and/or large allocations. (2018 covered 51% of the period’s allocation, bringing the OIG’s total projected coverage for 2018-2019 to 75%.)

In addition, the OIG will launch at least 23 new investigations (19 of which are complaint-led and 4 of which are ‘pro-active’), six internal audits, four advisory engagements, and will continue with six investigations carried over from 2018.

Board Document GF-B41/08 (The Office of the Inspector General 2018 Annual Report) should be available shortly at

<https://www.theglobalfund.org/en/board/meetings/41/>.

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