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## Global Fund Board Decides Not to Approve Funding for Phase 2 of Guinea-Bissau HSS Grant

The Global Fund Board will not approve funding for Phase 2 of a Round 8 health systems strengthening (HSS) grant in Guinea-Bissau. The Board's No-Go decision follows notice of an intent to recommend a No-Go for this grant provided by the Global Fund Secretariat in October 2012 (see [GFO article](#)).

In deciding not to approve funding, the Board was acting on a recommendation from the Grant Approvals Committee (GAC). The GAC said that the HSS grant had little impact and did not represent value for money, and that there were serious programme and financial management issues. The GAC gave other reasons for its recommendation, including the following:

- Additional funding from the World Bank and the African Development Bank for the programmes supported by the Global Fund dried up after the military coup d'état in April 2012.
- There were weak programmatic linkages between the HSS grant and Guinea-Bissau's disease grants.
- There was weak political commitment, which impacted negatively on sust
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- ainability of the programmes funded by the grant.

The No-Go decision has to be viewed in the context of the overall Global Fund portfolio in Guinea-Bissau. According to the Global Fund website, apart from the HSS grant, there are three active grants in Guinea-Bissau, one for each disease. In July 2012, the General Manager of the Global Fund invoked the Additional Safeguard Policy (ASP) due to the increased political instability following the coup d'état; the fact that government established after the coup was not being recognised internationally; a heightened security environment; weak management capacity of implementers; financial irregularities; and limited

oversight by, and weak capacity of, the country coordinating mechanism (CCM).

To mitigate the risks, the Secretariat took specific measures under the ASP, including transferring management of the grants to a new principal recipient (PR), the United Nations Development Programme (UNDP); and implementing a “zero cash” policy for all sub-recipients (SRs). The “zero cash” policy means that the PR (or the fiscal agent) makes direct payments to vendors of goods and services, rather than transferring funds to SRs for this purpose.

Other actions taken by the Secretariat under the ASP were putting a fiduciary and procurement agent in place; requiring that SRs be approved by the Secretariat; and scaling down to priority services for prevention, treatment, care and support for the three diseases.

The Secretariat considered that the activities in the HSS grant went beyond the scope of priority services. Furthermore, given the high level of risk associated with the portfolio, the Secretariat deemed it inappropriate to further expose Global Fund investments to the level of risk associated with the HSS activities in the grant.

The Secretariat said that over the past six months it has been working on getting the grant portfolio back on track. Once the security environment improved, the Secretariat was able to undertake missions to Guinea-Bissau in December 2012 and February 2013. These missions permitted the Secretariat to meet with the CCM, PRs and in-country partners to discuss how the Global Fund portfolio could be revitalised.

According to the Secretariat, the country’s malaria and TB grants went through the renewals process, during which the GAC recommended additional funding (see [GFO article](#) on the renewal of the TB grant). In addition, the HIV/AIDS grant will receive money starting in January 2014 from a successful Transitional Funding Mechanism proposal.

The Secretariat believes that even without the HSS grant, sufficient funding will be in place to balance the country’s high risk profile with the obligation to finance priority interventions for the three diseases.

After issuing its No-Go intent in October 2012, the Secretariat received a response from the CCM. The Secretariat said that the CCM’s response “did not adequately address a number of fundamental financial management weaknesses.” The Secretariat added that the CCM did not present enough evidence that the grant was having an impact or that the political commitment had increased.

The Secretariat said that there are recurrent challenges in Guinea-Bissau’s health system in the areas of infrastructure and amenities, human resources, M&E systems, supply chain management and quality of services. Fiduciary and SR management risks continue to be an issue, the Secretariat said. These risks include procurement and tendering anomalies, non-approval of bank reconciliations, use of a manual accounting system, incidences of ineligible expenditures, inadequate fixed asset management and general financial management control weaknesses.

The Secretariat added that M&E continues to suffer from poor data quality, lack of mechanisms for data analysis and validation, and the fact that the data submitted is incomplete and late. Finally, the Secretariat said, there are still procurement issues, including lack of transparency in the acquisition of goods and services, as well as general weaknesses in the entire supply chain.

Information for this article was taken from Board Decision B28-EDP-23 and from B28-ER-17, the Report of Secretariat Funding Recommendations for May 2013. These documents are not available on the Global Fund website.

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