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of the Global Fund

First OIG audit of Niger's Global Fund grants applauds progress and calls for improvements

In the first 'routine' audit by the Office of the Inspector General (OIG) of Global Fund grants to Niger, the OIG found that Niger has made "significant progress against the three diseases," with the quality of all three disease programs having improved over the last two years despite a challenging operating environment.

Fundamental gaps remain, however, in the areas of the supply chain and in supervision, leading to the disruption of services or issues with service delivery to patients.

These are some of the key findings in [the OIG's report](#), which was made public on 3 September 2018.

The audit covered grants active across all three disease components between January 2016 and December 2017. It aimed to assess the effectiveness, in particular, of supply chain mechanisms, program data processes and mechanisms, oversight over grant activities and performance, and financial controls over the TB grant (the HIV and malaria grants were considered 'low risk'; see 'Previously identified issues' below).

The OIG called out three specific issues in the supply chain: weak oversight over quantification and forecasting activities, that improvements are needed in supply chain management mechanisms, and that drugs quantification was not informed by available data. The OIG also underscored the need to strengthen supervision arrangements.

Niger's achievements, the OIG report said, include progress in reducing disease burdens and improving access to services: malaria deaths decreased by 30% between 2010 and 2015, and PMTCT of HIV

services are accessible in 186 health centres and district hospitals. In addition, the OIG noted improved financial controls, after the Global Fund put in place a number of safeguards following the discovery of financial irregularities in 2014.

Table 1: Global Fund grants in Niger

Component	Grant no.	Principal recipient	Grant period	Signed amount (EUR million)
HIV/AIDS	NER-H-CISLS	Intersectoral coordination of the fight against STIs/ HIV/ AIDS (Coordination Intersectorielle de Lutte contre les IST/VIH/SIDA)	July 2015-December 2017	14,486,006
			January 2018-December 2020 (new grant)	13,395,464
TB/HSS	NER-T-SCF	Save the Children Federation, Inc.	January 2016-December 2018	28,682,344
Malaria	NER-M-CRS	Catholic Relief Services – United States Conference of Catholic Bishops	May 2016-December 2017	32,778,373
			January 2018-December 2020 (new grant)	44,567,826
Total				75,946,723

Note: Grants included in the audit were those active up to December 2017; new grants were not included

During the audit, the OIG team visited 17 integrated health facilities for HIV and/or PMTCT, 10 sites for TB, and 12 for malaria, all within the three regions of Niamey, Maradi, and Tahoua. They also reviewed three central warehouses, two regional warehouses, and hospital and health-facility warehouses and pharmacies in 14 districts. The audit's geographic scope covered three regions, corresponding to 63% of the country's HIV burden, 45% of the malaria burden, and 40% of the TB burden.

Ratings

The OIG rated three “objectives” according to its four-tiered rating scheme (effective; partially effective; needs significant improvement; ineffective):

Objective 1: Supply chain mechanisms in providing medicines to patients for the three diseases procured through GF programs “needs significant improvement”. The OIG cited “fundamental gaps in the quantification, forecasting and stock monitoring processes”.

Objective 2: Program mechanisms to provide adequate quality of services to patients and reliable data for decision-making were rated “partially effective”.

Objective 3: Financial systems and processes, including controls in place over grant funds and sub-recipient management, were rated “partially effective”.

Niger country context

The Global Fund had committed \$248 million, and has disbursed \$220 million, to Niger since 2004, across all three disease components. The three Principal Recipients (PRs; see Table 1 above) work with 10 sub-

recipients, including national entities under the Ministry of Health.

Niger is one of the least developed countries in the world (ranked 187 out of 188 countries in UNDP's development index), which makes its progress against all three diseases especially noteworthy.

Key issues and risks

The OIG specified the following key issues and risks in Niger's Global Fund grants:

- Inadequate oversight over quantification and forecasting of health products
- Weak use of data
- Lack of national strategy including an absence of national guidelines for the supply chain
- Coverage, quality, and coordination of supervision activities to be improved
- Transparency and competitiveness issues.

The OIG noted that Niger and partners have made major efforts to address some of the supply chain challenges, such as a World Bank-financed supply chain diagnosis; technical assistance funded at the central medical stores level to support health commodities' management and logistics management; and pharmacists appointed by Niger's health ministry in all eight regions to improve order verification and supervision of facilities.

However, despite these efforts, "the supply chain has fundamental gaps and efficiency challenges which adversely impacted the availability of drugs and treatment of patients."

We summarize some of the key issues below:

Inadequate oversight over quantification and forecasting activities

Despite many layers of oversight (by PRs, the Local Fund Agent, and the Global Fund's country team) weaknesses and errors in quantification and forecasting were not identified and corrected, the OIG said. Issues such as incorrect assumptions about buffer stocks, delayed ordering with unrealistic delivery dates, and a failure to exclude expiring drugs from available stocks during forecasting of needs all contributed, the OIG report states, to treatment disruptions and waste, with recurrent stockouts and the expiring of essential HIV and TB commodities.

Weak use of data

The OIG said programmatic data had shortfalls, particularly for HIV and malaria: there were many cases of missing or non-updated patient registers and other databases. For health procurements, all PRs in Niger use morbidity data to determine the quantity of medicines needed, rather than adjusting it based on consumption and stocks data, which is available but is not extracted and used from the tools and reports of the health facilities.

Lack of national strategy for supply chain

The absence of an overarching framework document to guide supply chain processes has resulted in "confusion and divergent practices," the OIG said, including "arbitrary ordering" and "siloed and uncoordinated distribution by the PRs". These issues have had a knock-on effect, resulting in delayed deliveries, which have contributed to stockouts, expiries, and missed opportunities for cost efficiencies.

Coverage, quality and coordination of supervision

The number and coverage of supervisory activities are inadequate, the OIG said. The OIG also noted that there is limited coordination between supervisions conducted by grant implementers and regional health directorates, and that increased coordination is needed. While supervision guidelines and tools are well-designed, the OIG said, they are not used at the regional or district levels. This impacted the delivery of activities including adherence with MDR-TB testing and malaria treatment protocols, the quality of HIV care, and weakened prevention of mother-to-child transmission.

Progress on previously identified issues

In 2013, a [regional report on the effectiveness of external assurance for West African countries](#) included Niger as a sample country, Niger has never before had a routine country audit. An [OIG investigation in 2014](#) highlighted non-compliant expenditures of almost \$17 million between 2005 and 2012, of which \$2.4 million was deemed by the OIG to be refundable to the Global Fund. The OIG considered the misuse of grant funds to be due to “weak internal controls and inadequate oversight of SRs by PRs”.

The OIG’s audit found that measures taken since to mitigate similar risks have been effective – including replacing two out of three PRs with international NGOs, instituting a Zero Cash Policy, and using the Global Fund’s Pooled Procurement Mechanism for the purchase of HIV and malaria commodities – and its review of the financial control framework indicated “low residual financial risk” for the HIV and malaria grants. For this reason, the audit’s review of financial controls included only the TB/HSS grant.

Agreed management actions

The Secretariat will work with the Government of Niger and partners on three agreed management actions (AMAs):

1. To develop and implement an overarching guidance document that describes the supply chain network
2. To conduct a root cause analysis of bottlenecks to the implementation of quality supervisions across the three diseases
3. To review and revise data collection tools, rationalize data reporting requirements and indications, and develop a plan to rolling out and training on the revised tools and requirements.

All the AMAs are ‘owned’ by the Head of Grants Management, and all are due to be completed by 31 December 2019.

For a table detailing the AMAs, see page 17 of the OIG report.

The [full report of the OIG audit of Niger’s](#) Global Fund-supported grants is accessible on the Global Fund website, as well as the OIG investigation report from 2015.

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