



Independent observer
of the Global Fund

THE GLOBAL FUND NEEDS TO ACCEPT MORE RISKS TO ACHIEVE ITS OBJECTIVES AMID COVID-19

The Global Fund Secretariat reported on the organization's risk management at the 44th Board meeting that was held virtually for the second time. The report stated that the coronavirus disease 2019 (COVID-19) changed the environment in which the Global Fund invests and it has become more difficult to achieve the organization's core objectives. COVID-19 has heightened existing risks and introduced additional ones. Thus, the Secretariat will ask the Board, through its standing committees, to increase the level of risk that the Global Fund is willing to take (its risk appetite) to achieve its objectives. It is likely from the Board discussions that it will approve taking more risks.

The Global Fund uses a four-tier ranking for its risk levels, ranging from 'Low' through 'Moderate,' 'High' to 'Very High.' This article focuses on the following main risk categories: service delivery, procurement and in-country supply chain, financial and fiduciary, and monitoring and evaluation (M&E).

COVID-19 introduces new risks to the Global Fund's operations

The levels of risk in these different categories may increase in the next six to 12 months or over a longer period (12 months or more). The COVID-19 pandemic started a chain reaction that may impact the delivery of quality health care, especially for the three diseases.

HIV, tuberculosis (TB) and malaria program quality

The risk to delivering adequate quality HIV programs may increase from the current 'High' to 'Very High' level. COVID-19 related movement restrictions reduced prevention activities targeting key and vulnerable populations. There is a risk of not reaching the target for reducing new HIV infections. Early data collected

by the Global Fund and the Joint United Nations Programme on HIV and AIDS (UNAIDS) painted a mixed picture. There was a decline in some prevention activities like the voluntary male medical circumcision (VMMC) and the prevention of mother-to-child transmission (PMTCT) while others like harm reduction services remained resilient. The preliminary data also suggested that treatment remains resilient to the disruptions.

For TB, the risks are 'High,' but the Secretariat does not expect them to increase to 'Very High' in the short term. The Global Fund partnership was on track to reach its target to identify 1.5 million missing cases of TB. It had identified 1.2 million missing cases by the first quarter of 2020. However, [COVID-19 has reduced the impact of TB programs](#): there have been fewer patient visits to health facilities, and personnel and equipment have been re-assigned from TB services to provide COVID-19 treatment. Additionally, the similarities between TB and COVID-19 symptoms have led to increased stigma and discrimination against TB patients. This has discouraged TB patients from seeking care. Also, substantial disruptions to TB care have occurred in high TB burden countries like India. Consequently, the Global Fund is likely to miss the target of identifying 1.5 million missing cases of TB.

The risk levels for malaria are 'High', although mosquito-net distribution campaigns occurred or were on track in 36 out of 38 countries, despite COVID-19. Similarly, [seasonal malaria chemoprevention \(SMC\)](#), which involves the distribution of malaria medication to children under five years in areas of highly seasonal transmission during the malaria season was on track in 11 countries. However, the widespread reduction in facility visits means that fewer vulnerable persons received appropriate malaria care. A high level of disruption to facility-based care occurred in high-burden malaria countries. The report listed the key 27 countries in which this risk occurred. Except for India, almost all of the countries are in Africa: they include Nigeria and the Democratic Republic of Congo.

Procurement and supply-chain

This risk is significant as 40 to 60 percent of the grant funding is allocated to commodities. This percentage is higher in sub-Saharan Africa, where higher proportions of the grants are assigned to health commodities. The risk is "High".

Some materials, such as key starting materials and active ingredients or personal protective equipment are [in short supply](#). Some manufacturers shifted their production or logistics chains to fight COVID-19 (at the expense of the three diseases). This may lead to the decreased production of reagents or rapid diagnostic tests, medication, or the delayed delivery of these commodities. In addition, export bans and reduced freight capacity may reduce the availability of some material or increase distribution costs.

In addition, some Principal Recipients delayed placing orders because of the COVID-19 related disruptions. Fortunately, that delay does not appear to have an important programmatic impact.

Despite 84 countries (79 percent of recipient countries) reporting no supply chain issues, many may face stock-outs or insufficient buffer stock (stock required for three or six months).

Financial and fiduciary risk

Risk in the financial and fiduciary category remains 'Moderate', although it has increased because of emergency procurement and an increase in the likelihood of fraud.

Monitoring and Evaluation (M&E)

The risk to M&E is 'High' as a result of delayed and incomplete reporting, data quality issues, and delays in the planned roll-out of District Health Information Systems or other system strengthening initiatives. Although health management information systems (HMIS) remains on track in most countries, the lack of

supervision due to movement restrictions and the reallocation of staff due to COVID-19 may affect the quality of data.

Human rights and gender equality

This risk was 'High' before COVID-19 and will remain so. COVID-19 has led to higher human rights violations against key and vulnerable populations while the delivery of programs to reduce human rights and gender-related barriers to services was curtailed. The COVID-19 prevention measure also reduced the engagement of communities in programs and Global Fund processes.

Mitigation measures

The Global Fund has implemented different types of mitigation measures to stay on course amid COVID-19.

The Secretariat will focus on the countries that face the most significant service disruptions for the three diseases. It will also expand the possibility of dispensing treatment and prevention commodities for multiple months, decreasing the need for frequent facility visits. The Secretariat will help ensure commodity security to avoid stockouts by the end of 2020 or early 2021. For TB specifically, the Secretariat will explore a few innovative approaches to restore diagnosis, treatment, and prevention such as TB/COVID-19 concurrent testing and TB/COVID-19 contact tracing. For malaria, it will prioritize filling gaps in current geographic coverage of routine and campaign distribution of insecticide-treated bednets, SMC, and indoor residual spraying.

To address risks in procurement and supply chains of health commodities, the Global Fund extended the exception period for "on-time" delivery of orders from 90 to 180 days after the end of the grant implementation period. (In the past, all orders should have been delivered by the end of the grant period to be eligible for Global Fund payments. This eligibility period has been extended by six months. For most countries, the current grant ends in December 2020. Under some circumstances, they can still pay for some commodities received by June 2021). This period has been extended to accommodate for the longer lead times due to COVID-19. The Secretariat has also adopted increased flexibility on quality assurance before shipment.

Most countries have or are planning to put additional measures to mitigate existing or additional fiduciary and financial risks into place. The report gave a few examples that included greater reliance on Local Fund Agents (LFAs) to review major procurement processes for all non-health procurements and oversee sub-recipients; increased use of mobile payments, indirect cash transfers and pooled PPE procurement.

For M&E, the report listed few mitigation measures as surveys have been postponed or delayed due to the COVID-19 restrictions. The report noted the possibility of mobilizing remote quality assurance and technical assistance for data collection and analysis for ongoing surveys or studies.

For human rights protection, the Secretariat will emphasize the human rights-based and gender-responsive approach to fighting the three diseases and COVID-19.

The need to adjust to the 'new normal'

The report acknowledged the highly negative impact of COVID-19 on both donor and implementing countries. COVID-19 has caused a global recession, which will likely reduce domestic resources for the three diseases.

The COVID-19 related disruptions are not temporary, so the institution needs to adjust to the 'new normal'. The Global Fund partnership is likely to miss program targets. In some countries, funds will be

‘abused’ or misappropriated because of the increased financial pressures, while the Global Fund disburses funds amid reduced scrutiny.

The Secretariat expects to update its risk management and mitigation tools, including assurance mechanisms. It will rely more on the latest data on output, coverage, and outcome indicators, especially those that have been impacted the most due to the pandemic.

Increasing the Global Fund’s risk appetite will allow the organization to continue pursuing its objectives in a more risky environment.

The Board Document GF/B44/16 will be available shortly at <https://www.theglobalfund.org/en/board/meetings/44>

Further reading

- StopTB report: [The impact of COVID-19 on the TB epidemic: A community perspective](#) 2020
- [Seasonal malaria chemoprevention \(SMC\)](#)

•
[Read More](#)
