The Global Fund's Challenging Operating Environment Policy and Additional Safeguards Policy: What do these really mean?

The Global Fund is definitely a large and complex ecosystem. While they may be necessary, Global Fund policies are not always understood, accessible or accepted. Such is the case with the Challenging Operating Environments (COE) policy and the Additional Safeguard Policy (ASP). What do these labels really mean? What are the specificities, the differences, the goals and the challenges? How well do we think these different policies are working, several years after they were first applied?

As much as the COE policy promises innovation and flexibility, the ASP seems to contradict this by being quite restrictive. However, as you will see in the table below, of the 29 countries currently characterised as COE, 21 are also under the ASP, i.e., 72%.

To many stakeholders, the simultaneous application of the two policies in the same country appears to be a paradox, and even a profound contradiction with important consequences. A country representative who didn't want to be named said of this dual application that "it is giving with one hand what is quickly taken away with the other".

Before going further, let's start by defining the different policies.

Challenging Operating Environments (COE) policy

Approved by the Global Fund Board in 2016, the COE provides the Global Fund with differentiated operational approaches to improve the effectiveness of its programs and at the same time maximise its investments in countries or regions experiencing extreme emergencies or acute or chronic instabilities. The following list describes situations that are typical of what is meant by the term “challenging operating environments”.

Extreme urgency	Chronic ins
▪ Armed conflict, sudden illness or natural catastrophe	▪ Unstable security situation
▪ Volatile security situation	▪ Prolonged socioeconomic cris
▪ Rapidly evolving situation	▪ Weak political well and/or high
▪ Health system destroyed or overwhelmed	▪ Faulty health system or/and be
▪ Difficulties in accessing services in certain areas and for people	▪ Inadequate service coverage, regions and populations
▪ ICN dysfunctional or incapable of coordinating the national disease response	▪ Persistently weak national imp
▪ Questionable legitimacy of national entities, low implementation capacity	

Source: Global Fund

Currently, 29 countries – of which 16 are African – have been identified as subject to this approach. Although they represent less than 14% of the world’s population, COE countries have nearly one-third of the global burden of HIV, TB, and malaria and account for approximately 30% of Global Fund allocations: Afghanistan, Burkina Faso, Burundi, Central African Republic, Chad, Democratic People’s Republic of Korea, Eritrea, Guinea, Guinea-Bissau, Haiti, Iraq, Lebanon, Liberia, Mali, Myanmar, Nicaragua, Niger, Nigeria, Pakistan, Palestine, Sierra Leone, Somalia, Sudan, South Sudan, Syria, Ukraine, Venezuela and Yemen.

The COE Policy is fundamentally built around three essential elements

1. Innovation

The Policy’s normative and operational design allows for innovation. It permits the Global Fund to apply new approaches and mechanisms in response to the challenges that characterize a context. While in absolute terms Global Fund programs and investments always try to consider the uniqueness of countries, the COE approach is more pronounced when it comes to challenging implementation contexts. Thus, the approaches and operational mechanisms (design, management, external monitoring of grants, etc.) for implementing Global Fund programs applied in Mali will not necessarily be the same as those in Nigeria or Ukraine. This idea of innovation is closely linked to another essential element: flexibility.

2. Flexibility

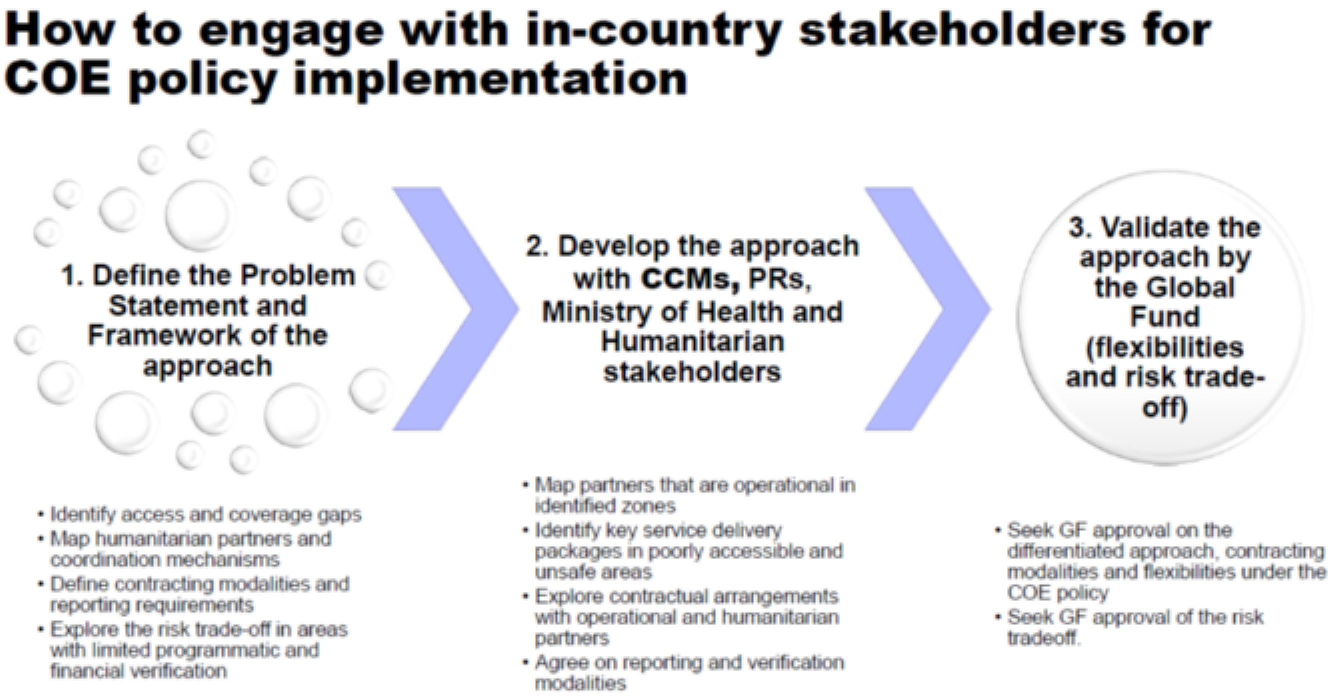
The Policy’s design also allows for operational flexibilities:

- Limited liability clause
- Waiver of Co-Financing Requirement
- Program Data Verification Waiver
- Direct selection and appointment of Sub-recipient (SR) and service provider
- Waiver of Country Coordinating Mechanism (CCM) Eligibility
- Extension of audit report deadline
- Personalized approach: 24-month planning instead of three years
- Interim salary support for national staff for salary harmonization
- Selection of partners by the Principal Recipient (PR) based on partners pre-selected by the Emergency Fund pre-qualified partners.
- Regional Dialogue Waiver

Unlike traditional Global Fund approaches, in difficult contexts the application documents are tailored, timelines can be extended, administrative burdens are reduced, and contractual arrangements are simplified to provide services in hard-to-reach and insecure areas. It should be noted, however, that the policy is not a list of flexibilities that countries can choose at will. This is far from the case. Flexibilities must be justified, i.e., they must respond to contextual difficulties and thus to the need for a responsive and differentiated approach to ensure service effectiveness.

3. Partnerships

While this approach allows a great deal of flexibility in the choice of partnerships, it also calls for the systematic integration of operational collaboration with development, humanitarian, private and non-traditional partners.



Source : Global Fund

Despite its good intentions, however, the Policy has strategic and operational shortcomings, concluded a recent evaluation by the Global Fund's independent Technical Evaluation Reference Group (TERG). We reported extensively on this in an article published in GFO 420, which you can find here.

Table 1: Findings and recommendations from the evaluation of the global fund's performance in a COE environment and Secretariat response

Conclusions	Recommendations	Initial Secretariat (
1. The use of the policy is limited by the unclear and inconsistent desire of country teams to take risks in implementing Global Fund grants, which contributes to the inconsistent application of the policy	Adapt the risk acceptance approach with clear financial risk thresholds for grant portfolios in the challenging intervention environment and provide clear guidance to relevant Secretariat departments and country implementing partners for the new funding cy	Disagree, as it ma have different risk on the country cla
2. The Policy's limited understanding of challenging contexts at the national level and the lack of a structured opportunity to consider contextually appropriate flexibilities, innovation and partnership contribute to the unrealized potential of the Policy.	Ensure a more consultative process to engage stakeholders in eligible countries on how to operationalize the Hardship Policy in the new funding cycle and future grantmaking processes, including incorporating the information into a revised Operational Policy Note (OPN).	Tend to agree. The revised opera not be the best pla but it could be inc funding document
3. Periodic meetings of stakeholders from difficult operational contexts organized by the Secretariat's Difficult Intervention Contexts Team are appreciated and provide opportunities for experience sharing, but additional opportunities for learning and sharing are needed.	Pilot packages of predefined flexibilities for five or more countries with challenging intervention contexts representing diverse contexts to test whether a differentiated automatic/opt-out approach helps improve outcomes within acceptable risk thresholds.	Partially agree, as rapidly in countrie intervention conte Council of Europe flexibility, not mor

4. The standard three-year program planning cycle is insufficient to achieve measurable change in the health systems context, especially in a context of chronic instability.	Ensure that practical examples of best practices in challenging contexts for flexibility, innovation, and partnerships are referenced in the operational policy note and are regularly documented and disseminated, especially for grant negotiations in the new funding cycle.	Strongly agree wit examples and info among the differe Secretariat.
5. Human resources for health (HHR) (from program management to service delivery) are often scarce in difficult settings due to insecurity, migration, and violence.	Provide clear tools and guidance to support the use of flexible partnerships and contracting mechanisms to encourage partnerships with organizations tailored to the needs of each challenging intervention context in the new funding cycle.	Strongly agree wit
6. In some challenging contexts, governance and implementation structures can bypass government programs and local stakeholders, leading to strained relationships and lack of ownership by national authorities. Clear plans for strengthening government and local stakeholder engagement in program implementation are needed, even for the transition from the ASP in some contexts.	Ensure that long-term (six- to nine-year) and contingency planning for resilient and sustainable health systems strengthening in portfolios in difficult intervention settings is undertaken jointly with national partners and stakeholders. Health worker safety and the “do no harm” ethic must be paramount in determining how to address HR issues in the short and long term.	Partially agree, as to have a six- to n strengthening the Central and Easte But agree wholeh importance of the HHR and the “do r
7. No evidence of consistent or appropriate efforts to implement the Operational Framework for Protection from Sexual Exploitation and Abuse, sexual harassment and related abuses of power (PSEAH) (2021) – nor to ensure the safety and security of key and vulnerable populations (KVPs), including their engagement in Global Fund activities.	Facilitate participatory capacity building planning to address underlying constraints to local ownership, leadership, and implementation of grants. Work with appropriate partners (e.g., U.S. Agency for International Development and the World Bank) and local stakeholders to develop a grant management capacity assessment and planning tool to develop a national ownership plan.	Partially agree; ca done by in-country

8. Despite the well-established link between gender-based violence (GBV) and HIV transmission, and the increased risk of GBV in unstable contexts, the evaluation found little evidence of adequate consideration of gender-sensitive approaches and support or partnerships on GBV in COE countries.	Prioritize the implementation of the Operational Framework for PSEAH including the safety and security of PCVs involved in Global Fund activities. In addition, prevention and response to GBV requires special attention in the portfolios of difficult intervention settings.	Fully agree

A comparative analysis of the ASP's implementation demonstrates that countries under this policy fall into categories. Countries are either under ASP because of chronic political instability or because of financial malfeasance that could undermine the results of the global partnership. However, in the history of the Global Fund, there have been cases where countries have not been placed on ASP for any of the reasons mentioned above.

Indeed, in 2017 the Republic of Congo was placed under measure for the following reasons:

"The government's difficulties in honouring its co-financing commitments despite intense advocacy by the Global Fund and its partners, which has notably led to a situation of stock-outs of antiretroviral drugs for adults and anti-tuberculosis drugs. This situation, which has persisted for several years, is aggravated by the economic and financial crisis that the Congo is experiencing.

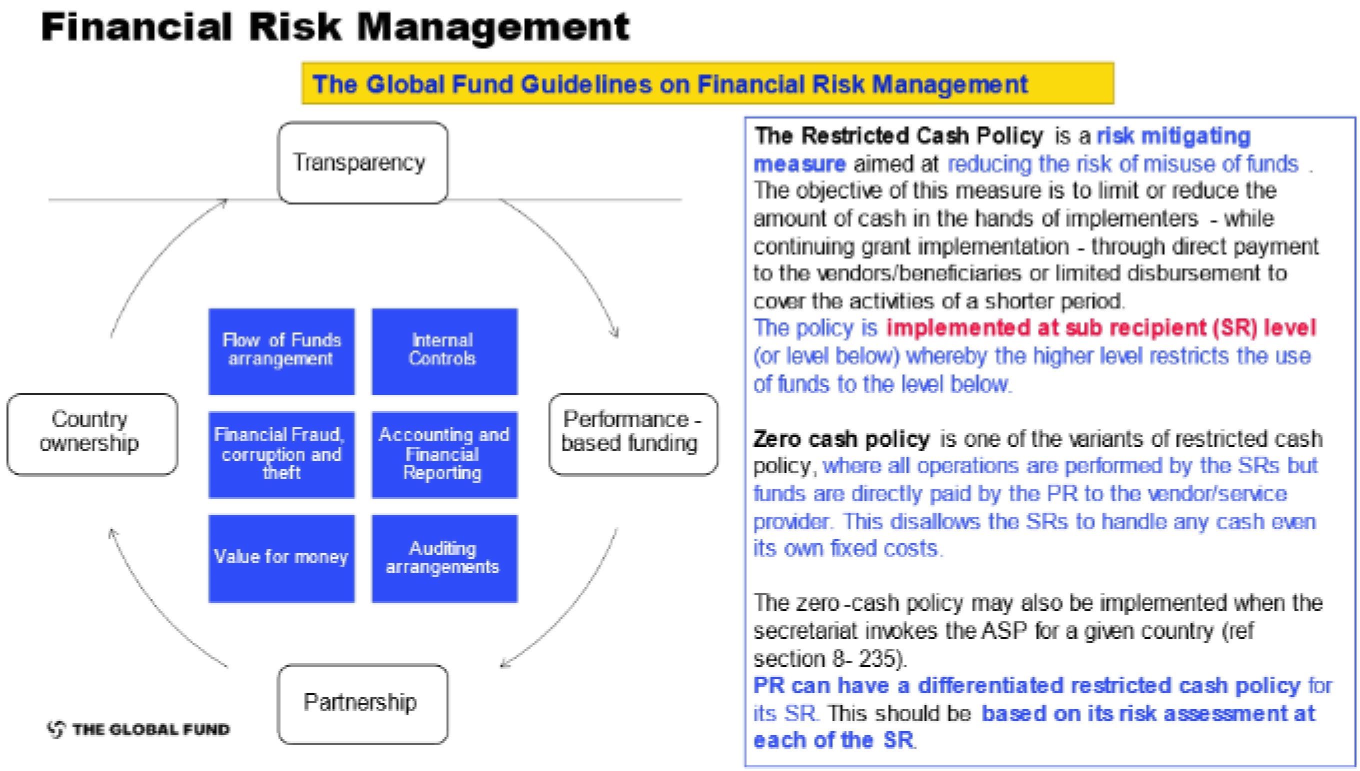
Significant weaknesses identified in the supply management system: a review conducted by the Local Fund Agent at the end of 2016 revealed very significant weaknesses in the supply chain, illustrated in particular by the fact that antiretroviral drugs for adults financed by the government and anti-tuberculosis drugs financed by the Global Fund were found in certain markets.

Difficulties encountered in recent years in establishing a solid partnership with the Government of Congo, in particular difficulties for the Ministry of Health in recent years to fully fulfil its role as a pilot in the fight against the three diseases and to demonstrate, through tangible actions, its desire to strengthen the partnership with the Global Fund. Without denying the existence of the above-mentioned difficulties, the Global Fund nevertheless wishes to underline the significant improvement in the dialogue with the Ministry of Health over the last few months, and hopes to be able to continue and strengthen this constructive relationship."

More recently, the Global Fund recently placed Burkina Faso under an ASP. In a December 2022 letter to Burkina Faso's Minister of Health and Public Hygiene, the Global Fund stated:

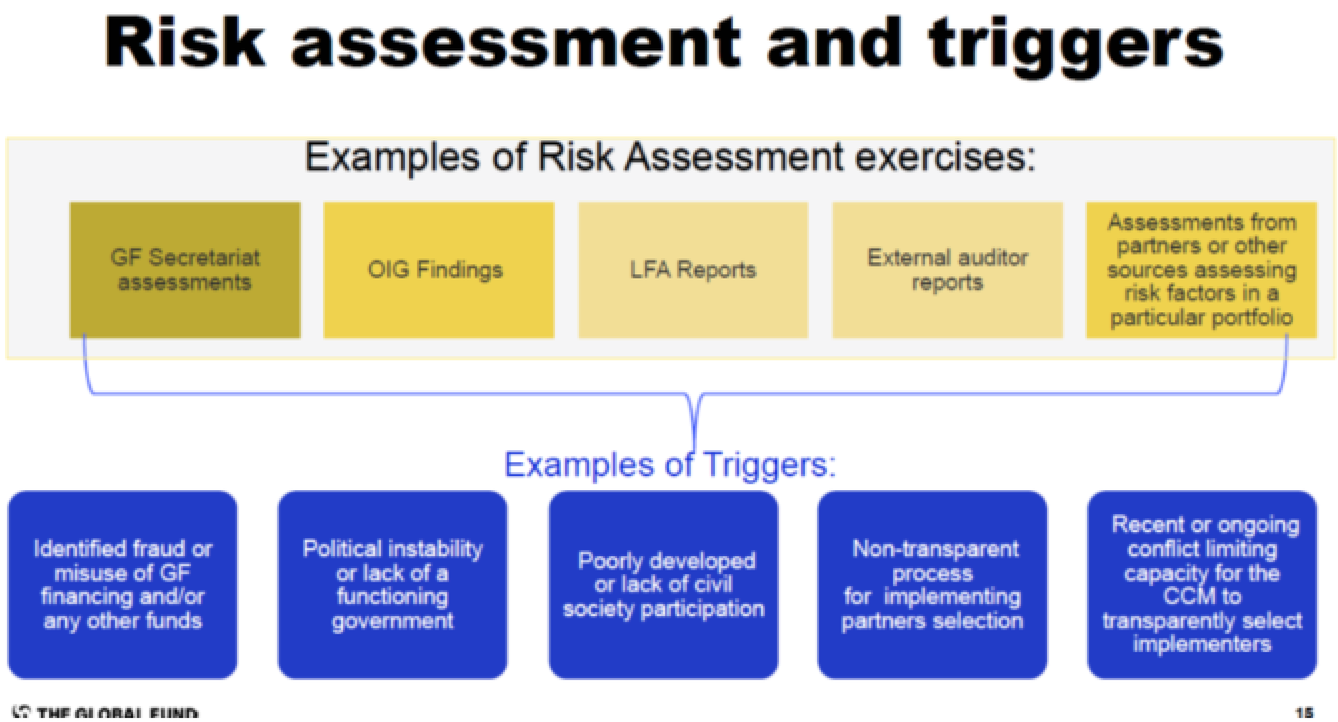
1. The Global Fund Secretariat will work with the Ministry of Health and the renewed CCM, Principal Recipients, programs, and Partners to identify and contract with relevant humanitarian, international, and local organizations (through a service delivery contract) to ensure implementation of activities in security-challenged areas during the remaining period of implementation of current grants; that is, until the end of December 2023.
2. The Global Fund Secretariat may, through Principal Recipients, explore and contract with international and local humanitarian organizations (if possible) as service providers to ensure coverage of health care and health products for displaced persons in different regions of the country.
3. The Global Fund Secretariat will explore the possibility of contracting, if necessary, through Principal Recipients; with humanitarian NGOs and UN Agencies in the Logistics Cluster as well as relevant private entities, to support the safe distribution of health commodities to displaced or hard-to-reach populations.
4. The Global Fund Secretariat may disburse funds directly to Service Provider Organizations for the implementation of targeted activities under contract.
5. The Global Fund Secretariat will decide on an approach to selecting the Principal Recipient(s) for the 2023-2025 allocation period and will nominate or select the Principal Recipient(s) for the next grant implementation period as necessary."

When applied, the ASP gives the Global Fund a number of important prerogatives. It allows the Global Fund to play the lead role in identifying and deciding on implementation arrangements, including the selection of PRs, SRs and other implementing partners, the establishment of fiscal agents/trustees, the use of the pooled procurement mechanism, and the application of the Conditional Cash Flow/"zero cash flow" policy.

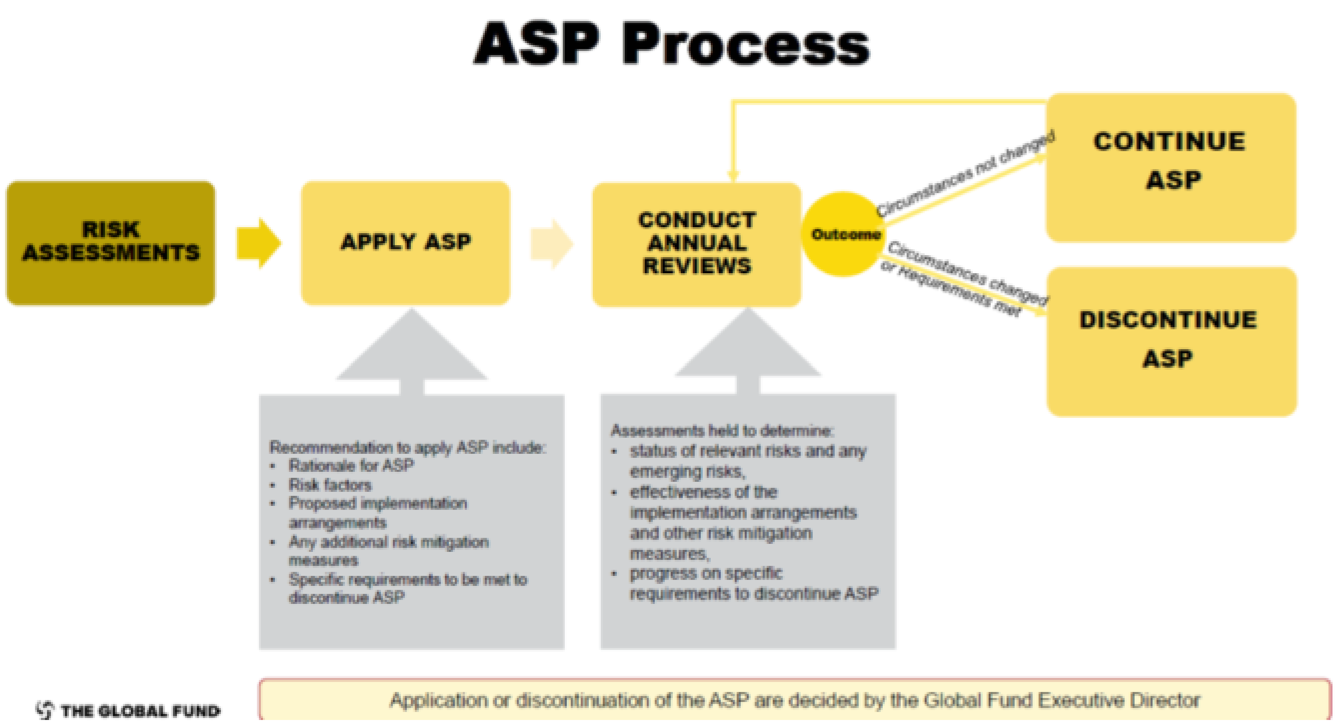


The "zero cash flow" policy can also be implemented when the Secretariat applies the ASP to a given country; however, applying the ASP does not automatically lead to a "zero cash flow" policy.

For the Global Fund, invoking the ASP is always contingent on a risk assessment. Below is a schematic of the steps involved in the assessment and the process for applying the ASP.



Source: Global Fund



As can be seen, despite some overlap, the COE policy is not similar to the ASP. However, the COE policy, and the ASP in particular, have been the subject of a number of complaints for several years, and the Global Fund cannot ignore them. We recently published two articles highlighting recriminations against the ASP, one about Burkina Faso and the other about Burundi.

Table 2: COE or ASP countries and countries with both COE and ASP

COE	ASP	Date of PSA invocation	COE	ASP

1	Afghanistan	Afghanistan	2021 (2 years)	11	Mali	Mali
		Angola	?			Mauritania
2	Burkina Faso	Burkina Faso	2022 (1 year)		Myanmar	
3	Burundi	Burundi	2016 (7 years)		Nicaragua	
4	Central African Republic	Central African Republic	2013 (10 years)	12	Niger	Niger
5	D. Republic of the Congo	D. Republic of the Congo	2011 (12 years)	13	Nigeria	Nigeria
		Congo	2017 (6 years)			Nepal
6	Korea (Democratic People's Republic of)	Korea (Democratic People's Republic of)	2010 (13 years old)	14	Pakistan	Pakistan
		Djibouti	2009 (14 years old)	15	Palestine	Palestine
	Eritrea					Papua New Guinea
7	Guinea	Guinea	2013 (10 years)		Sierra Leone	

8	Guinea-Bissau	Guinea-Bissau	2012 (11 years)	16	Somalia	Somalia

What is the basic problem with the ASP?

The African Constituency Bureau (ACB) has probably best expressed reservations – and the limitations and challenges – about this Policy. In a document for the preparatory meetings of the Global Fund's May Board meeting, the ACB says:

"Twenty years after the Global Fund began investing in our countries, the risks of grant fraud and contracting do not seem to be disappearing. Worse, in countries subject to the ASP, where the Secretariat literally picks the implementers and contractors, gives a no-objection notice before most activities take place, and exercises other forms of control directly, the risks continue to materialize in creative ways.

The latest Office of the Inspector General (OIG) investigations revealed the theft of malaria nets in Guinea , a decade-old ASP country where an international nongovernmental organization selected by the Secretariat is the primary beneficiary. The nets were diverted for sale in neighboring Mali, a country also managed by the ASP.

Some will say that without these measures, other risks will materialise. Others will say that the risks have materialised because the mitigation measures leave significant gaps that the Secretariat is unaware of. It is likely that all would agree that this policy, adopted in 2004, needs to be evaluated after 19 years of implementation. Is it fit for purpose? What is working well and what is not? Are we getting value for money?

This assessment is especially necessary because the list of ASP countries largely overlaps with the list of difficult settings. These difficult settings countries represent approximately 30% of the Global Fund's allocations and 30% of the global disease burden for the three diseases. We must be successful in achieving our objectives in countries classified as difficult settings and managed by the ASP.

This position is far from new. For several years now, countries have been calling on the Global Fund to develop an exit strategy – with clear milestones that could be independently verified – and, above all, an evaluation of the policies. In order to move forward, it is sometimes necessary to look in the rearview mirror.

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