The Global Fund's Additional Safeguard Policy: A double-edged sword for high-risk portfolios

In its two-decade mission to combat HIV, tuberculosis (TB), and malaria, the Global Fund has faced immense challenges in balancing grant oversight with effective program delivery. One of its key risk management tools, the Additional Safeguard Policy (ASP), implemented in 2004, is both crucial and contentious. The ASP aims to protect donor funds in countries facing significant financial, governance, and operational risks. A recent advisory report by the Office of the Inspector General (OIG), commissioned by the Eastern and Southern Africa constituency and the West and Central Africa constituency—most affected by the policy, sheds new light on the ASP's evolution, its profound impact on Global Fund portfolios, and the challenges it creates for both the Global Fund and its local partners.

The ASP's purpose: Protecting Global Fund investments in high-risk contexts

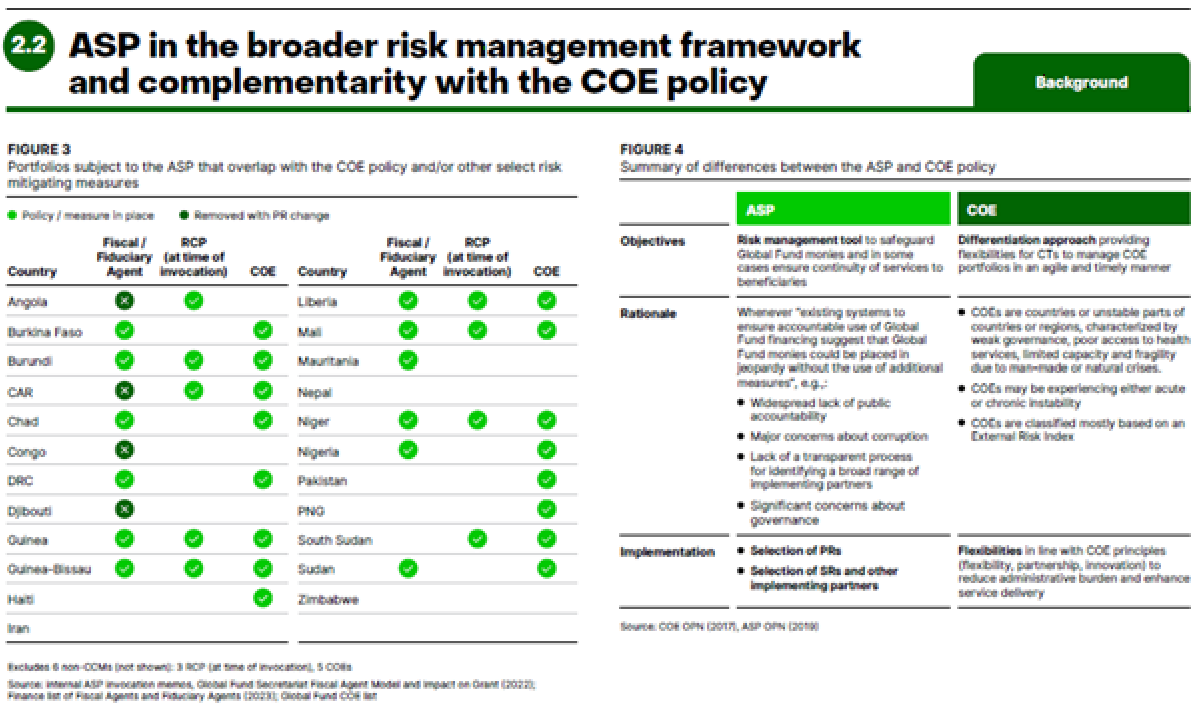
The ASP is triggered when a country's systems for managing Global Fund grants are deemed incapable of ensuring accountability and transparency. It enables the Global Fund to intervene directly in the selection of Principal Recipients (PRs) and sub-recipients (SRs), a role typically managed by the Country Coordinating Mechanisms (CCMs). The policy is intended as a "last resort," invoked in cases of high risks related to corruption, misuse of funds, or weak implementation capacities within national systems.

This review of the ASP was not a routine exercise but was specifically requested by two African constituencies disproportionately affected by the policy. Both constituencies have raised concerns about the ASP's long-term effects on local ownership, non-exit strategy, implementation autonomy, and the stigma associated with being placed under the policy. These concerns prompted the Global Fund Secretariat and the OIG to start discussion and to undertake an independent review of the policy's application and to provide actionable recommendations for its improvement.

The scope of the ASP

As of August 2024, 29 portfolios across five regions were subject to the ASP, with a majority concentrated in Western and Central Africa (WCA). Countries such as the Democratic Republic of Congo, Chad, Niger, and Guinea have been under ASP status for over a decade. The ASP accounts for over one-third of Global Fund investments disbursed in Grant Cycle 6 (GC6). For example, 53% of all malaria-related disbursements under GC6 have been directed to ASP portfolios, highlighting the high financial stakes involved.

Figure 1: Some countries subject to the ASP



2.2 ASP in the broader risk management framework and complementarity with the COE policy

Background

FIGURE 3
Portfolios subject to the ASP that overlap with the COE policy and/or other select risk mitigating measures

● Policy / measure in place ● Removed with PR change

Country	Fiscal / Fiduciary Agent	RCP (at time of invocation)	COE	Country	Fiscal / Fiduciary Agent	RCP (at time of invocation)	COE
Angola	✗	✓		Liberia	✓	✓	✓
Burkina Faso	✓		✓	Mali	✓	✓	✓
Burundi	✓	✓	✓	Mauritania	✓		
CAR	✗	✓	✓	Nepal			
Chad	✓		✓	Niger	✓	✓	✓
Congo	✗			Nigeria	✓		✓
DRC	✓		✓	Pakistan			✓
Djibouti	✗			PNG			✓
Guinea	✓	✓	✓	South Sudan		✓	✓
Guinea-Bissau	✓	✓	✓	Sudan	✓		✓
Haiti			✓	Zimbabwe			
Iran							

Excludes 8 non-CCMs (not shown): 3 RCP (at time of invocation), 5 COEs

Source: internal ASP invocation memos, Global Fund Secretariat Fiscal Agent Model and impact on Grant (2022); Finance list of Fiscal Agents and Fiduciary Agents (2023); Global Fund COE list

FIGURE 4
Summary of differences between the ASP and COE policy

	ASP	COE
Objectives	**Risk management tool** to safeguard Global Fund monies and in some cases ensure continuity of services to beneficiaries	**Differentiation approach** providing flexibilities for CTs to manage COE portfolios in an agile and timely manner
Rationale	Whenever "existing systems to ensure accountable use of Global Fund financing suggest that Global Fund monies could be placed in jeopardy without the use of additional measures", e.g.: • Widespread lack of public accountability • Major concerns about corruption • Lack of a transparent process for identifying a broad range of implementing partners • Significant concerns about governance	• COEs are countries or unstable parts of countries or regions, characterized by weak governance, poor access to health services, limited capacity and fragility due to man-made or natural crises. • COEs may be experiencing either acute or chronic instability • COEs are classified mostly based on an External Risk Index
Implementation	• **Selection of PRs** • **Selection of SRs and other implementing partners**	**Flexibilities** in line with COE principles (flexibility, partnership, innovation) to reduce administrative burden and enhance service delivery

Source: COE OPN (2017), ASP OPN (2019)

These portfolios represent over 1.2 billion people, many living in fragile or conflict-affected states. Countries under the ASP, like Guinea-Bissau, South Sudan, and Zimbabwe, rank among the lowest on global governance indices, including the World Bank's Government Effectiveness score and Transparency International's Corruption Perception Index. These nations also bear a significant share of the global disease burden, accounting for 54% of malaria cases, 24% of tuberculosis cases, and 18% of HIV infections globally.

The impact of ASP: Strengthening oversight, but at what cost?

While the ASP is praised for safeguarding funds and ensuring continued service delivery in volatile environments, it is often perceived as overly punitive by recipient countries. The ASP not only shiftscontrol of grant management from national entities to international organizations but also imposesadditional administrative and financial burdens on the Global Fund itself.

For instance, only 29% of total grant expenditures in ASP countries are managed by national ministries or agencies, compared to 75% in non-ASP portfolios. In many ASP portfolios, international Principal Recipients (PRs), such as UN agencies or international NGOs (INGOs), have taken over the bulk of grant management responsibilities. This reliance on external PRs incurs higher indirect costs. National PRs typically spend about 17% of their budgets on indirect costs, whereas UN agencies report 26% and INGOs 22%, due to higher expenses related to personnel, security, and logistics. Unfortunately, these additional costs come out of the Global Fund country envelope allocated to fight HIV, TB and malaria.

The report underscores that while these international PRs help maintain accountability and continuity, they also create dependency, particularly in countries like Chad, South Sudan, and Guinea-Bissau. Local stakeholders have reported feeling sidelined in key implementation decisions, weakening national ownership of the programs. In Guinea-Bissau, for example, local program managers expressed frustration at being excluded from decisions regarding malaria prevention campaigns and felt disconnected from financial reporting responsibilities that are crucial for sustaining local health infrastructure.

An OIG report on Angola's experience with the ASP reveals similar challenges. The country became an ASP focus in 2019. A 2019 audit revealed systemic issues, including poor financial management, gaps in oversight, and repeated stock-outs of essential health commodities. In response, the Global Fund implemented the ASP, shifting control of its investments to the provincial level and bringing in international organizations like the United Nations Development Programme (UNDP) to manage key aspects of health program delivery. While this shift was necessary to maintain critical health services in two high-burden provinces, the OIG report highlighted new challenges. Poor coordination between provincial and national health authorities delayed procurement planning and the distribution of key commodities. Angola's health system, particularly at the provincial level, struggled with weak infrastructure and insufficient technical expertise to handle the increased responsibilities under the ASP.

These coordination issues are not unique to Angola. Similar problems have been identified in other ASP countries, where the policy is applied as a temporary solution to weak governance structures. In Burundi, the ASP allowed healthcare services to continue when other donors, such as the EU, withdrew due to political instability. However, in both Angola and Burundi, the heavy reliance on international entities has hindered local capacity building—a dependency the OIG advisory warns must be addressed across ASP portfolios.

Communication gaps and lack of exit strategies

A significant concern raised by countries subject to the ASP is the lack of clear exit criteria. The OIG's report reveals that, as of August 2024, only 10 out of 23 CCM portfolios had received exit criteria, meaning that most countries under the ASP do not have a clear roadmap to regain control over their grant management. This lack of transparency has led some stakeholders to liken the ASP to a “life sentence,” with little hope of transitioning back to normal grant oversight processes.

Figure 2: Portfolios subject to ASP

Relative scoring compared to all Global Fund financed countries

● First quartile ● Second quartile ● Third quartile ● Fourth quartile

Country	Year ASP invoked	2023-2025 allocations (US$ Mn)	Government effectiveness score (2022)	Corruption Perception Index (2023)	Fragility Index (2023)
South Sudan	2005	142	0	13	109
Haiti	2010	111	1	17	103
Democratic Republic of the Congo	2011	701	3	20	107
Central African Republic	2013	140	4	24	106
Sudan	2005	151	5	20	106
Guinea Bissau	2012	57	7	22	90
Liberia	2023	87	8	25	89
Chad	2009	139	9	20	105
Congo	2017	71	9	22	91
Burundi	2016	124	10	20	94
Zimbabwe	2008	505	11	24	97
Mali	2010	180	11	28	100
Angola	2019	126	13	33	87
Nigeria	2016	933	14	25	98
Guinea	2013	145	16	26	99
Nepal	2015	60	16	35	80
Iran	2005	14	18	24	85
Burkina Faso	2022	243	21	41	94
Papua New Guinea	2010	77	22	29	78
Djibouti	2010	11	22	30	82
Mauritania	2010	21	26	30	87
Niger	2012	150	29	32	93
Pakistan	2020	282	29	29	90

Excludes 6 non-CCMs (not shown)
Source: World Bank Government Effectiveness (127 countries in total); Transparency International Corruption Perception Index (119 countries in total); The Fund For Peace Fragility Index (101 countries in total), ASP invocation memos, Global Fund GC7 allocations"

For instance, in Nigeria—where the ASP was invoked in 2016 due to financial mismanagement and weak governance structures—local implementers have struggled with the perception that the ASP will remain indefinitely. Although Nigeria has made significant progress in addressing underlying risks, such as improving its tuberculosis treatment coverage by 31% between 2019 and 2022, the ASP remains in place without clear guidance on what must be done to exit.

The OIG report also notes inconsistencies in how the Global Fund communicates with countries about the risks and rationale for invoking the ASP. Some portfolios, like Pakistan’s, have received detailed explanations and continuous dialogue from the Global Fund Secretariat, while others, such as those in Liberia and Mauritania, have reported communication gaps, leading to confusion about the policy’s implications and objectives.

Safeguarding service delivery amid political crises

Despite these challenges, the ASP has proven effective in maintaining service delivery in the most difficult environments. In countries like Burundi and Côte d’Ivoire, where political unrest and economic instability have threatened the continuation of health programs, the Global Fund's invocation of the ASP allowed for uninterrupted delivery of essential services.

In Burundi, the ASP was invoked in 2016 following a political crisis that led most international donors to suspend direct financial aid to the government. The Global Fund, however, continued to fund malaria, HIV, and TB programs by collaborating with UNDP as the PR. Similarly, during Côte d'Ivoire's post-electoral crisis in 2011, ASP measures ensured the continuity of HIV treatment programs despite widespread sanctions and the freezing of the country's national accounts.

However, the use of UN agencies did not always lead to increased capacity in country institutions. An OIG report on Global Fund grants in Chad revealed that UNDP, the PR since 2009, failed to effectively implement grants under the ASP. Despite designing a solid Capacity Building Plan for 2021-2024, they completed less than 20% of the planned activities, leaving 70% of key tasks, worth €4.9 million, unfinished. This mirrored previous failures, with execution rates of only 60% in 2017-2018 and 30% in 2019-2020. Weak oversight, slow approvals, and staffing delays hindered progress, leaving critical areas like data collection and forecasting underdeveloped, despite some updates to systems.

Recommendations for improvement: A need for more proactive exit plans

The OIG advisory outlines several key recommendations aimed at improving the ASP's effectiveness while mitigating its negative impacts. The report emphasizes the need for developing and communicating specific, measurable exit criteria for all countries subject to the ASP. By providing a clear path forward, countries can work towards enhancing their financial and governance systems with a tangible goal in mind.

Moreover, the Global Fund is urged to bolster its capacity-building initiatives for national entities. While capacity-building has been a core aspect of the ASP, its implementation has often been inconsistent and ineffective. The OIG suggests that the Global Fund adopt a more systematic approach to developing local capacity, enabling countries to eventually regain control of their grant management responsibilities.

Another critical recommendation is for the Global Fund Secretariat to improve its communication with recipient countries. By fostering more transparent and regular dialogue about the ASP's status, risks, and next steps, the Secretariat can reduce the stigma associated with being placed under the ASP and build stronger relationships with local governments and implementers.

The Global Fund Secretariat response and future actions

In response to the OIG's findings, the Global Fund Secretariat is taking decisive steps to address the gaps in the ASP. The organization is developing exit and transition plans for countries under the ASP, focusing on sustainability. These plans will include specific benchmarks and timelines to guide countries out of ASP status once they meet the required standards.

The Secretariat is also reinforcing internal governance to strengthen oversight and coordination and investing in capacity-building programs to help national systems manage grant funds independently and effectively.

As part of this process, the Global Fund is committed to establishing comprehensive risk management frameworks tailored to each country's specific conditions. These frameworks will improve monitoring and evaluation, enabling early mitigation of financial and programmatic risks and ensuring efficient grant use.

Additionally, the Global Fund is enhancing collaboration with local stakeholders. It intends to work more closely with national governments, civil society, and other partners to strengthen governance structures and improve transparency in grant management.

Conclusion

As the Global Fund looks to the future, the ASP remains a powerful tool for managing risks in high-stakes environments. However, its long-term success hinges on finding the right balance between safeguarding funds and empowering national stakeholders. Countries need clear exit strategies, robust capacity-building support, and transparent communication processes to ensure that the ASP remains a temporary, not permanent, solution.

The OIG's report underscores that while the ASP has protected Global Fund investments and ensured service delivery in high-risk countries, reforms are necessary to prevent hindering local ownership or creating dependency on international PRs. Moving forward, the Global Fund must ensure that the ASP lives up to its original intent: to serve as a temporary safeguard that empowers countries to regain control over their health programs and sustainably manage their resources. It is crucial for countries to take the lead in managing these funds to ensure long-term sustainability and increase domestic financing. Without being involved in decision-making processes, how can countries strengthen their domestic financing efforts?

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