

Audit of COVID-19 Response Mechanism (C19RM)

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Global Fund COVID-19 impact and response

As of February 2021, the COVID-19 pandemic has infected over 115 million people and impacted health systems and initiatives worldwide. Global Fund programs have been disrupted in 92 countries, with continued severe disruption in 15% of countries. By 16 December 2020, the Global Fund had awarded US\$759 million to 88 countries and five multi-country grants through its COVID-19 Response Mechanism (C19RM), designed to support countries in their fight against the pandemic. This was in addition to approving grant flexibilities of US\$221 million, which redirected grant funds and savings to COVID-19 related activities. The Global Fund also plays a key role in the international fight against COVID-19, through initiatives such as the ACT Accelerator.

Audit scope at a glance

The audit assessed C19RM's adequacy in providing emergency support to countries, and reviewed the design and effectiveness of the policies, systems and structures used to develop and operationalize C19RM. During the audit, the OIG reviewed 100 funding requests and approvals, surveyed all Country Coordinating Mechanisms (CCMs) and Principal Recipients¹, and interviewed key stakeholders, including Board and Committee members and 14 Country Teams.

Given the timeframe, the review could not cover grant flexibilities, or the implementation of C19RM activities at country level. Due to COVID-19 travel restrictions, all fieldwork was performed remotely. We took into account the objectives of the mechanism, and the need for a timely response, when assessing various trade-offs and formulating our findings.

¹ CCM Chairs/vice-Chairs/PR heads were asked to respond to surveys (one response per country), while requiring to ensure that their response represents the entire CCM (through internal consultations).


Opinion

1. Development and design of C19RM

Throughout the C19RM development, the Secretariat interacted regularly with the Board and its committees, updating them weekly and escalating key decisions. A C19RM group, made up of key Secretariat departments, consultatively developed the mechanism, considering all key risks and trade-offs, and escalating critical decisions. Policies were revised according to learnings from initial implementation or evolving requirements.

C19RM's design was robust and inclusive, and clearly linked to the Global Fund's strategic objectives. Roles and targets were clearly defined, including for operational and approval structures. A KPI on speed of application reviews was designed and internally reported. Key flexibilities were incorporated, facilitating the timely completion of activities. Risk assessment and mitigation were also incorporated into process operationalization. CCMs were mobilized to achieve stakeholder engagement and integration with national COVID-19 responses. The Secretariat defined controls to ensure engagement and inclusive decision-making and all CCM members were required to endorse submitted funding requests (FRs), which the Secretariat then validated. An investment committee, comprising heads of all key departments, was set up to approve all applications (as opposed to reviews by the Technical Review Panel and approval by the Grant Approval Committee), to ensure rapid decisions. Adequate instructions and tools accompanied the process roll-out, resulting in 88% of CCMs rating the overall application process as "excellent" or "good".

C19RM's design, while satisfactory, could be improved in any future use of the mechanism, and will need to be agile given evolving diseases and data. Country allocations complied with the designed policy and were linked to Global Fund strategic objectives, but might need higher adjustments going forward based on COVID-19 factors and impact on countries. The model can also envisage ongoing, responsive adjustments to any future allocations based on changes in COVID-19 cases, country needs, fund utilization, and data availability and reliability (e.g. extent of COVID-19 testing or reporting).

 Overall, we found the development and design of the C19RM process to be materially adequate and effective for an emergency response.

Effectiveness and timeliness of C19RM roll-out

Funding request (FR) review and approval was effective and materially compliant with policy requirements. The C19RM Secretariat screened all FRs to ensure policy compliance, and strong controls were applied during the review process by various Secretariat teams. Outstanding issues were adequately tackled within grant budgets or agreements. Some exceptions were noted in compliance of controls to ensure inclusiveness and joint ownership of applications, both at country and Secretariat levels.

While countries submitted funding requests with some delays (taking on average 51 working days), the Secretariat reviewed and approved them promptly, taking on average 11 days. Overall, 72% of C19RM funds were approved within two months, representing the highest conversion rate for approved funds to countries among major peer organizations.

97% of PRs told the OIG that they have now started C19RM activities, initiating both procurements and other activities in most cases. However, of the US\$759 million approved, by mid-March 2021, only 67% of funds had been disbursed in cash to countries, or procurements initiated via Wambo, the Global Fund's online sourcing portal. This excludes procurements initiated through UNICEF and disease grant cash already in country which can be used for C19RM activities, into which there is no visibility at Secretariat level. While these limitations mean that the actual funds being used are probably higher than 67%, the activities planned to be executed (not just initiated) by end-2020 constitute 78% of the approved budgets. Considering the tight implementation period up to mid-2021, there is a need to fast-track activities to ensure timely completion.

COVID-19 related procurements, an emergency need, represent almost 60% of the total US\$759 million of C19RM funding. As of the end of February 2021, out of the budgeted procurements (COVID-19 diagnostics and PPE) of US\$458 million, approximately US\$267 million (58% of procurements) had been initiated in Wambo, while US\$97m worth of diagnostics and PPE had been delivered to countries. This mostly excludes procurements outside Wambo/PPM, highlighting visibility challenges for these procurements. After reviewing and learning from the first tranche of procurements, the Secretariat has significantly scaled up procurements in 2021; US\$114 million (out of US\$267million) was initiated in February alone. However, ordering/delivery of remaining procurements need to be fast-tracked to ensure completion by the target date of 30 June 2021.

The mechanism allowed PRs to start C19RM activities upon receiving official funding approval, without having to finalize the C19RM budget and incorporate it into grants for the three diseases through grant revisions/confirmations. Activities could start by using cash already available in countries' disease grant accounts, or by initiating procurements in Wambo. This flexibility was a measure to mitigate implementation delays. However, a third of implementers only started C19RM activities after the C19RM budget was finalized and grant revision was completed. This contributed to implementation risks, since grant revisions registered delays, taking 51 average working days after grant approval and notification, compared to the 38 days in the KPI.

Regarding monitoring, the Secretariat has implemented additional KPIs on timelines for grant budgeting and signing but not yet for implementation at the country level. Current reporting tools have a six-month (or twelve-month in some cases) reporting cycle. Acknowledging the implementation risks, monitoring and reporting mechanisms should enhance visibility, proactively tackle operational challenges and better inform strategic responses. While difficult to measure and attribute, there is a growing need to measure the results achieved by C19RM, especially if funding increases over time.

Overall, the C19RM roll-out has been partially effective in ensuring that funds and commodities are available in country and are being used in a timely manner.

1. Background

1.1 COVID-19 Impact: situation in Global Fund supported countries

COVID-19 RESPONSE MECHANISM (C19RM)

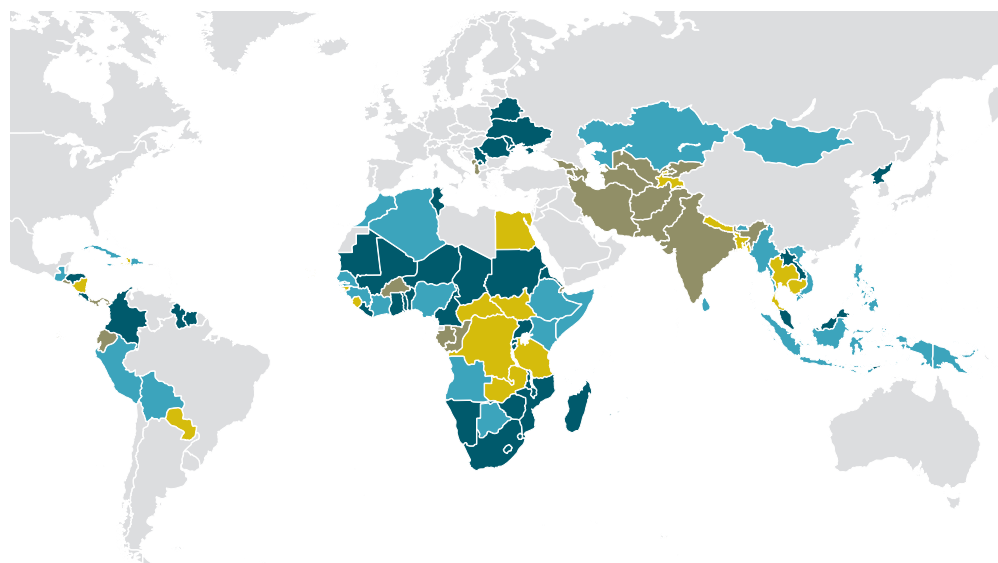
COVID-19's impact on Global Fund regions:

Since January 2020, more than 150 countries have responded to COVID-19 by implementing extensive policies aimed at containing the virus: restricting daily life, limiting movement, introducing curfews and encouraging social distancing. National and local lock-downs remain in place, impacting Global Fund program implementation, health commodity supply chains, and the ability of technical partners and assurance providers to provide support or oversight through traditional means.

Since May 2020, the Global Fund has implemented a Country Monitoring Tool to identify and track potential program risks and disruptions, as well as the impact of national lockdowns on the risks of disruptions to Global Fund grants and programs.

On 1 May 2020, 73% of Global Fund countries were in a national lockdown. The figure has fluctuated considerably, e.g. on 1st March 2021, only 38% of countries were under national lockdown.

FIGURE 1



Sources: DnA COVID-19 in GF countries dashboard as of February 1st 2021

For more detail on the Impact of the pandemic on countries, their health systems and GF programs, see Annexes 2 and 3

COVID-19's impact on Global Fund investments:

As of the end of February 2021 there had been 30.5 million confirmed COVID-19 cases and 640 thousand reported deaths in countries where the Global Fund operates.



87% of cases reported in countries where the Global Fund operates are concentrated in High-Impact Asia, LAC and EECA portfolios.

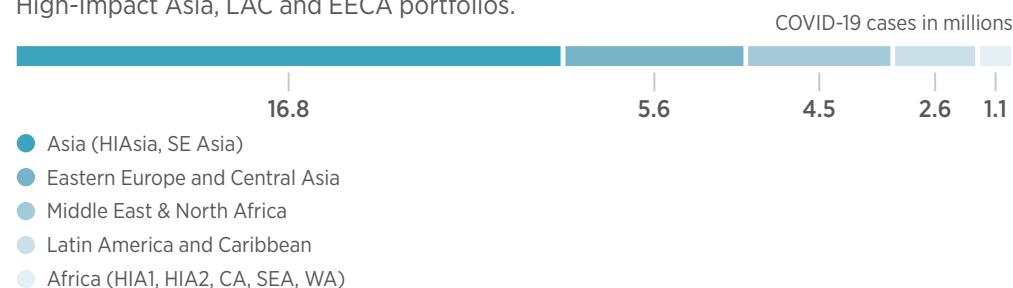
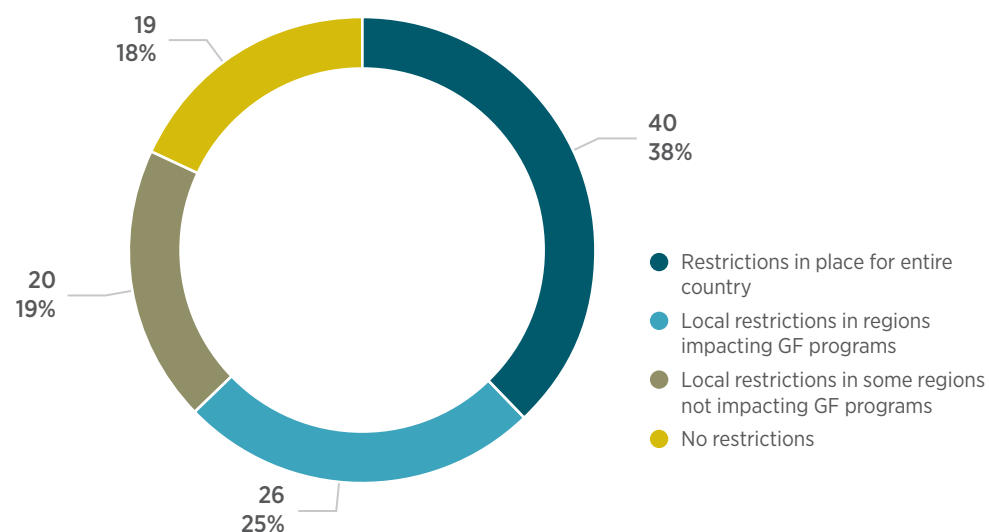


FIGURE 2



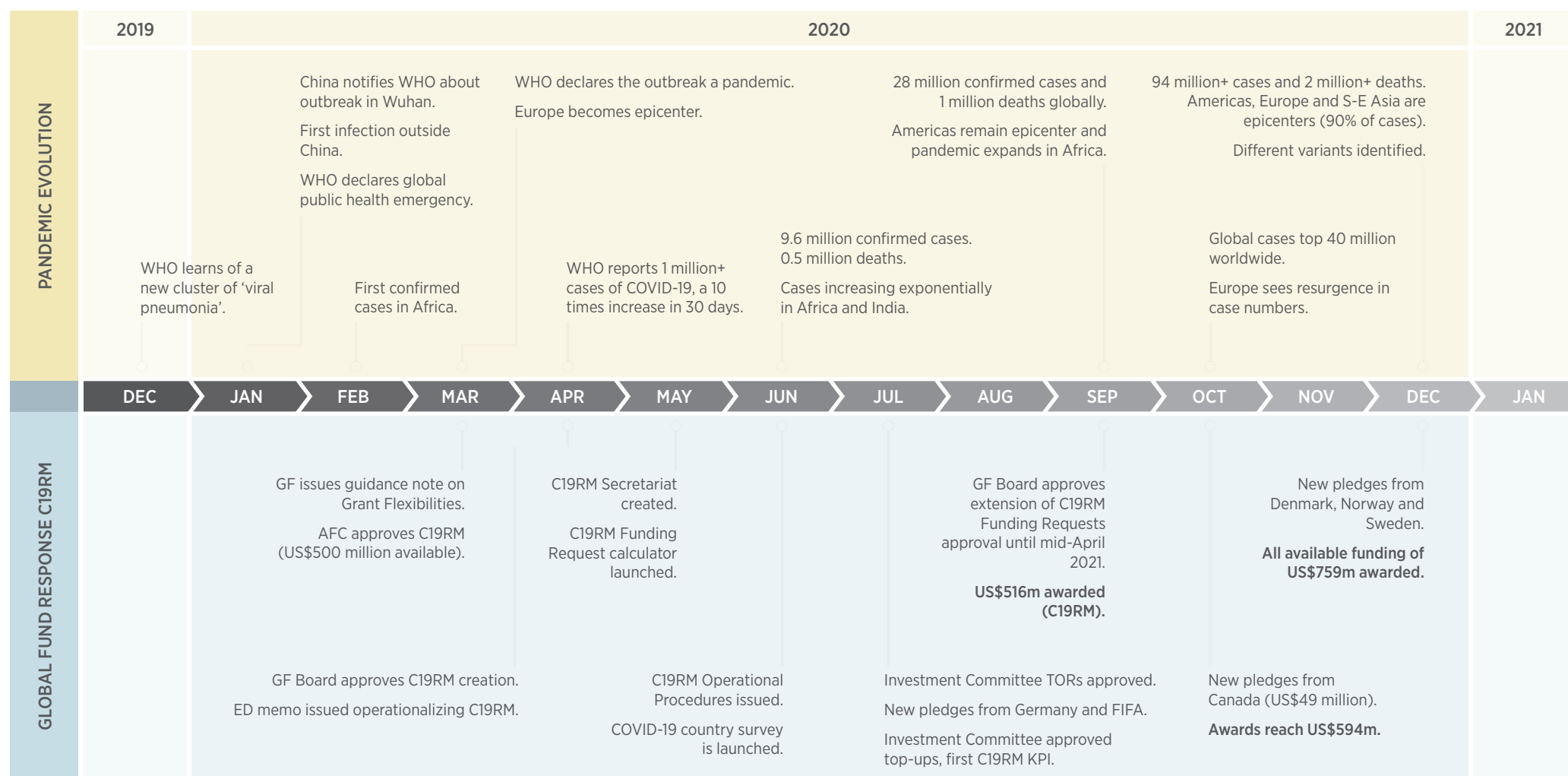
1. Background

1.2 C19RM: Chronology

COVID-19 RESPONSE MECHANISM (C19RM)

Rapid Global Fund response to COVID-19 pandemic

FIGURE 3



Source: WHO COVID-19 dashboard, Global Fund COVID-19 Situation Report Feb 2021, GF Board papers
For details on COVID-19 Pandemic Evolution, C19RM Chronology and GF COVID-19 Initiatives please see Annexes 1, 4 and 5

1. Background

1.3 C19RM: Process and target timelines

COVID-19 RESPONSE MECHANISM (C19RM)

Main process stages

FIGURE 4



- One key implementation flexibility is that C19RM funds can be utilized and activities initiated by PRs both for centralized procurements (PPM/ Wambo), and in-country (if cash is available in-country), as soon as the NL is approved and sent to country, without waiting for signing of ILs and revision of grant budgets.
- Reporting is managed as part of the existing grant(s), following the established internal control framework of the Global Fund.

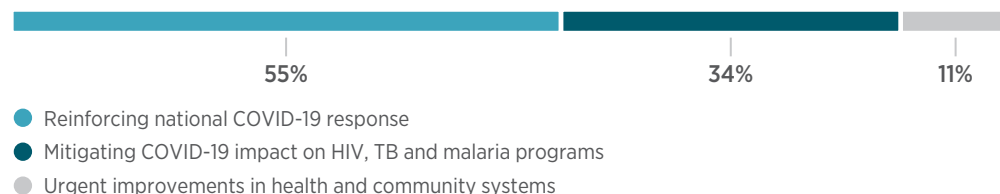
1. Background

1.4 C19RM: Funding breakdown

COVID-19 RESPONSE MECHANISM (C19RM)

C19RM Funding by response objectives

US\$759 million for C19RM was planned to be used on the following three key objectives:



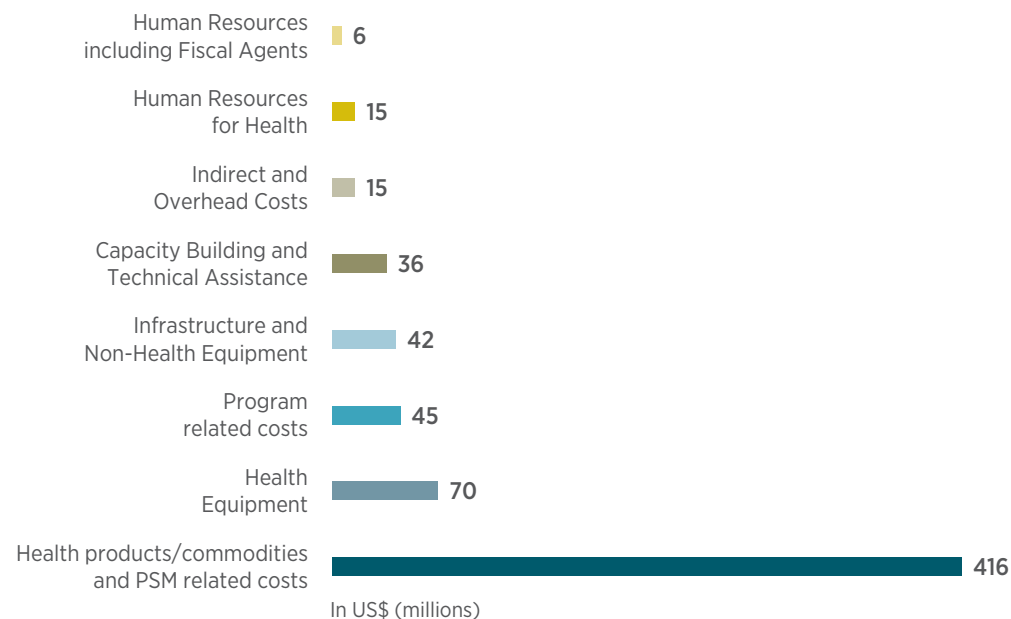
C19RM Funding by Implementer type

Around 64% of the COVID-19 module budget (C19RM & grant flexibilities together) for the C19RM grants is allocated to grants managed by Government PRs, 23% to Civil Society PRs and 13% to Multilateral Organizations.



C19RM Funding by cost categories and activities

75% of the COVID-19 module (C19RM & grant flexibilities together) for the C19RM grants is allocated to Health products/commodities and Procurement & Supply Management costs (64%) and Health equipment (11%).



5.8% of the COVID-19 module budget (C19RM & grant flexibilities together) is allocated to Key & Vulnerable Populations (2.8%) and communities and civil societies activities (3%).

Key Population investments in the HIV/AIDS total prevention budget were 6.7% in NFM1 and 8.1% in NFM2. These investments have a 10% target set for KPI5a (HIV prevention investment in KPs).

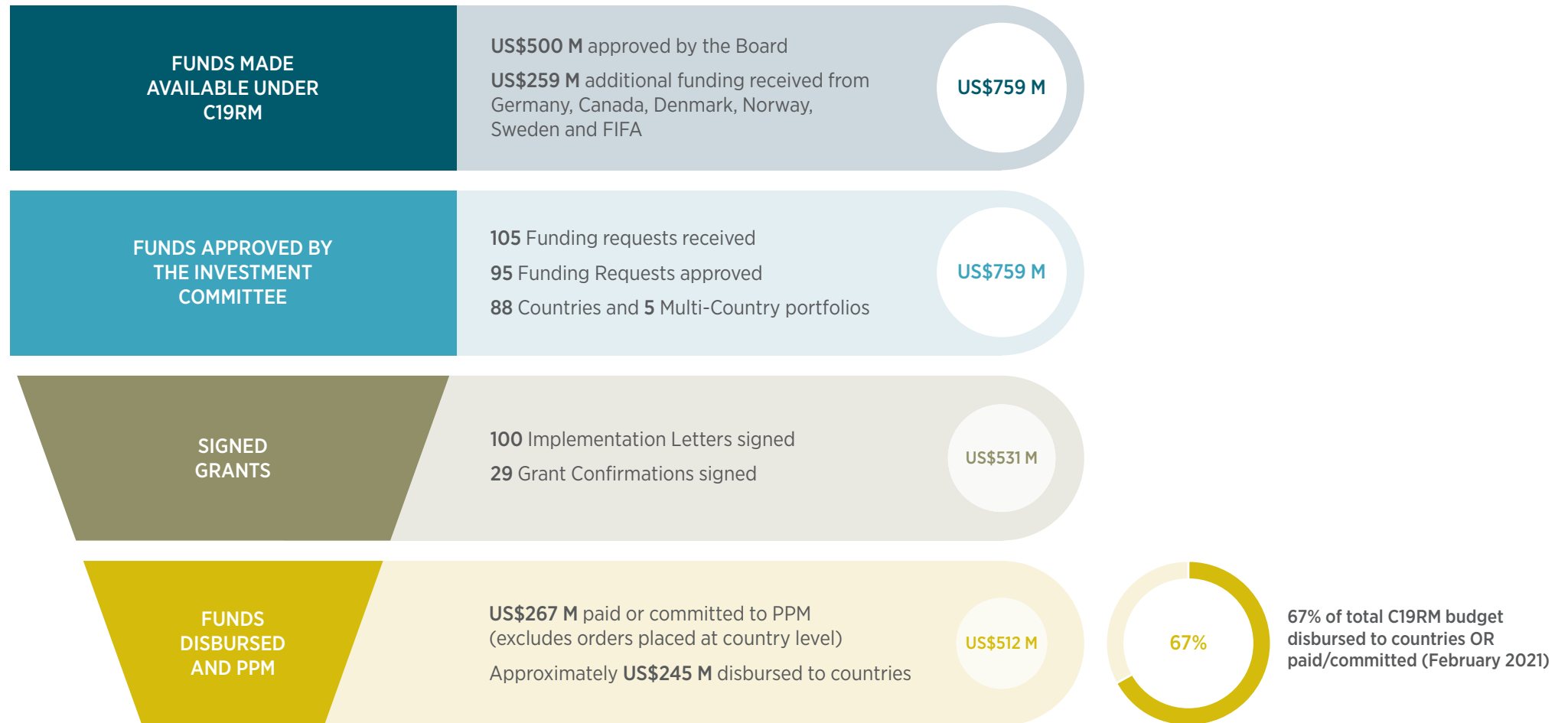
1. Background

1.5 C19RM: Funding status

COVID-19 RESPONSE MECHANISM (C19RM)

Funding status as of 12 March 2021

FIGURE 5



2. Objectives, Methodology and Scope

COVID-19 RESPONSE MECHANISM (C19RM)

OBJECTIVES

This audit forms part of the Office of the Inspector General's (OIG) revised 2020 plan, approved by the Audit and Finance Committee in July 2020.

The audit assessed the adequacy of the COVID-19 Response Mechanism in providing emergency support to countries through Board-approved C19RM funding. More specifically, the review assessed:

- the design and effectiveness of application processes, including governance and decision-making over C19RM resources;
- the mechanisms in place to ensure funding requests are processed in a timely manner and that funds are made available at the country level.

SCOPE & EXCLUSIONS

The audit focused on the measures implemented at the Secretariat level to ensure timely and well-designed funding applications. The review also identified lessons learnt for any future emergency funding mechanisms.

Due to timeframe limitations, this review did not assess the implementation of C19RM activities in countries, or programmatic outcomes of C19RM funding. The review also did not cover the COVID-19 support provided to countries through the Grant Flexibilities modality.

14 Countries sampled and Country Teams interviewed

- Afghanistan
- Kenya
- Rwanda
- Uzbekistan
- Ivory Coast
- Madagascar
- Sudan
- Zambia
- Ethiopia
- Nigeria
- Togo
- India
- Papua New Guinea
- Ukraine

METHODOLOGY

A two-level approach was adopted for the review:

Organizational level: review of processes, systems, and structures of the Secretariat, Board and Committees to design and deploy the C19 Response Mechanism;

Portfolio-level: sample-based review of country applications to assess how the Secretariat adapted its processes to support implementing countries.

The review was conducted through:

- Interviews and surveys of key Secretariat and Principal Recipient staff, Country Coordinating Mechanism members, Board/Committee members, Management Executive Committee, Secretariat staff and other relevant stakeholders as needed;
- Review of relevant documents, including policies, procedures, system, tools and processes, funding requests, and monitoring and oversight mechanisms;
- Data analysis and review of results so far, including disbursement information, procurement data for COVID-19 commodities, management dashboards and KPI results;
- Desk-based review of grant documentation, internal Secretariat documentation and external communications and information;
- Due to COVID-19 travel restrictions, all audit fieldwork was performed remotely.

COVERAGE

83 CCMs surveyed
response rate of 72%

132 PRs surveyed
response rate of 67%

16 Board/Committee/MEC
members interviewed by OIG

100 Funding Requests
Applications and approvals reviewed

3. Findings

3.1 Development and design

COVID-19 RESPONSE MECHANISM (C19RM)

3.1.1 Robust development process for C19RM

Board level

Throughout C19RM’s development and design, the Secretariat had numerous, in-depth interactions with the Board and its committees, including:

- initial engagement in March 2020, prior to the final Board paper approving C19RM;
- weekly Board Updates from late-March 2020, providing detailed status updates and responding to queries, detailing progress so far and future plans;
- escalation of key decisions, e.g. extension in grant approval deadlines from 30th September to 15th April 2021, approved by the Board on 30th September.

This continuous engagement is seen in Board decision papers by validating information presented to them, discussion on all key issues, and consideration of options and trade-offs.

Board and committee members recognized the Secretariat’s efforts to engage and inform them. However, a few members expressed the need for additional information on items like funding breakdowns (e.g. by types of implementers - government/private sector/multilateral), and C19RM synergies with regular grants. We noted that the Secretariat informed the Board about challenges in reporting this information, and did not include or partially covered this information in formal Board submissions.

Secretariat level

A C19RM sub-group was created from the Business Continuity Planning group to develop the mechanism. It included representatives from Grant Management, Finance, Risk, Legal, Sourcing, IT, HR, CRG, Operational Efficiency and other key departments, and met up to three times a week between 20th March 2020 and 20th April 2020 to conclude C19RM’s initial design. Key decision points, including trade-offs (e.g. reporting modules) and unresolved issues (e.g. application review process and timelines), were escalated to senior management.

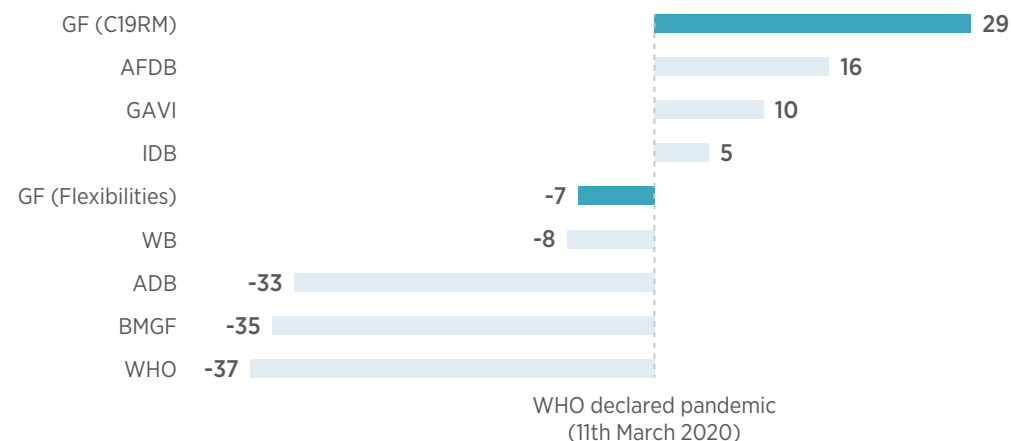
These regular interactions were effective in capturing updates on C19RM’s development, ensured Secretariat comments were considered and escalation mechanisms were effective, and led to a timely development and operationalization.

C19RM was formalized through an approval memorandum from the Executive Director, signed off jointly by all participants of the development group. Subsequently, detailed guidance was developed for implementers, including for Secretariat teams and for countries. The Secretariat’s operational and risk teams also self-reviewed the mechanism and progress, and used its findings to adjust and enhance C19RM processes.

Timeliness

While rigorous, the C19RM process was time-consuming, especially since the mechanism was entirely new. Considering the time taken by other key peers, including the African Development Bank (AFDB), Asian Development Bank (ADB), Islamic Development Bank (IDB), GAVI Alliance, Gates Foundation (BMGF), and World Health Organization (WHO) to design and approve a COVID-19 response, the Global Fund’s COVID-19 response mechanism was one of the last to be designed and approved, 29 days after WHO’s declaration of a pandemic. However, it is important to note that the Global Fund had other responses to COVID-19 in addition to C19RM. One such response was the flexible use of disease grants for COVID-19 activities, which was approved much faster than most peers: seven days before WHO declared the COVID-19 Pandemic. This provided an early response to COVID-19, which was then supplemented by larger investments through C19RM.

FIGURE 6
C19RM versus peer organization mechanisms: Funding approved (number of days before/after WHO declaration of pandemic)



Sources: Board papers/updates, minutes of Board weekly check-ins, sample-based observation of Board weekly check-ins, OIG Board interviews

Peer information: African Development Bank COVID-19 Response Facility; Asian Development Bank COVID-19 Pandemic Response Option (COPRO), Islamic Development Bank Strategic Preparedness; GAVI Grant Flexibilities; World Bank COVID-19 Fast Track Facility; Bill & Melinda Gates Foundation COVID-19 Response; World Health Organization Strategic Preparedness and Response Plan

3. Findings

3.1 Development and design

COVID-19 RESPONSE MECHANISM (C19RM)

3.1.2 Proper design of C19RM as an Emergency Response

Following C19RM's development, a robust, consultative and inclusive mechanism was put in place to ensure timely approval of funding requests (FR). This was formalized by a memo from the Executive Director, and additional guidance was provided to the C19RM Secretariat and country teams. While materially adequate for an emergency response, there is room for enhancements in any future use of the mechanism.

Clear links to Global Fund strategic objectives

C19RM's design took into account Global Fund strategic objectives, and aimed to help countries mitigate the pandemic's impact on the three diseases and support national systems in tackling COVID-19. Countries' share or allocation of C19RM funding was determined using [Global Fund disease allocation methodology](#), which was approved by the Global Fund Board. The C19RM Secretariat, a small team of six people, was tasked with screening all FRs to ensure they were complete and fulfilled eligibility requirements, followed by an internal review by Global Fund technical teams (Finance, Supply Operations, Legal, Community Rights and Gender (CRG), Technical Advice and Partnership (TAP) and CCM). An investment committee, comprising heads of all key departments, was tasked to assess the Global Fund's technical teams recommendations and approve all FRs. Technical Review Panel and Grant Approval Committee reviews were not included in the process to ensure rapid decision making. In line with C19RM policy, the Investment Committee adjusted allocations on a case-by-case basis, to improve alignment with COVID-19 burden, country needs and other factors.

Adjustments had to be such that total COVID-19 allocations (both C19RM and Grant flexibilities within disease programs) did not exceed 10% of country allocations for the 2020-2022 replenishment period. In exceptional cases, allocations could exceed this 10% cap with Executive Director approval. There were nine such cases, all ED approved.

Going forward: Allocation model might need higher linkage, agility and responsiveness to COVID-19

While fully approved and correctly applied, the model generated huge variations in "per COVID-19 case allocation" between countries, even after adjustments. If compared with confirmed COVID-19 cases for countries, allocations varied between US\$40 and US\$6,600 per case. 55% (US\$447 million) of approved funding is budgeted to support national COVID-19 responses, and not for other categories linked more closely to the three diseases.

This is due to adjustments being "incremental" and therefore limited by three disease allocations, whereas COVID-19 geographical patterns are significantly different from the three diseases. Given Global Fund's core mandate for the three diseases, standardized allocations per COVID-19 case cannot be expected. However, going forward, if additional significant funding is available, and if a higher alignment of allocations with COVID-19 incidence, mortality or vulnerability is desired, the model will need to allow higher qualitative adjustments.

Responsiveness to evolving pandemic and country needs

COVID-19's disease burden and impact continues to evolve rapidly (e.g. confirmed cases in South Africa and India increased rapidly after initial allocations were made). Pandemic data (including COVID-19 cases) is dependent on testing and the quality of data reporting, which vary between countries and over time. Grant utilization also varies across countries and periods. Since the current funding was for emergency support, and involved relatively little funding and a short implementation period, one-time allocations were effected, which were Board-approved. These C19RM allocations complemented the support already provided through approval of flexible use of grant savings and reprogramming within the regular disease grants. The investments can also be reprogrammed based on evolving needs. However, going forward, if significant additional funding is allocated for a longer implementation period, a more flexible and agile approach will be needed to ensure the model remains responsive to limitations and changes over time in line with the factors identified above.

Timely response to support countries in fighting the pandemic

Roles and targets were properly defined, with clear requirements on departmental and executive management sign-offs, and escalation thresholds. An internal KPI to measure the time taken to review applications was developed. A dedicated structure - the C19RM Secretariat - was created, tasked with overall responsibility of C19RM operations, communication, and application screening. An Investment Committee was set up to oversee the entire process, resolve escalated issues and approve funding decisions.

3. Findings

3.1 Development and design

COVID-19 RESPONSE MECHANISM (C19RM)

Rapid target timelines were set, to ensure the early availability of funds. A 10-day KPI for funding approval was established in June 2020, and results reported to the Investment Committee. A target was set to complete grant signing within 50 days of Funding Request submission. These targets and reports incentivized speed in funding review and approvals.

“Implementers were allowed to start implementation of C19 activities immediately after grant approval, without waiting for grant budgeting and signing.”

Country ownership, partnership and national response

CCMs were used to ensure integration with national responses, to include stakeholders, partners and civil society in decision-making, and ensure domestic ownership. Controls were well-defined within the funding request review to check that applications were inclusively developed and integrated with grant flexibilities, and aligned overall with national COVID-19 responses.

Countries received instructions on allocation amounts, funding request development and submission processes, budgeting tools, and procurement of health commodities. The roll-out of communication to Secretariat teams and to countries was sufficiently detailed.

Around 25% of CCMs and PRs admitted to struggling with limited representation/information from national COVID-19 response agencies. While this impacted integrating C19RM within national COVID-19 response, it enabled use of the existing CCM mechanism to provide a timely response. Going forward, options for enhancing partner engagement and integration with national responses can be explored (e.g. early engagement, formalizing arrangements for interacting with stakeholders who are not represented in CCMs, partner engagement during funding approvals).

FIGURE 7
CCM satisfaction with C19RM process



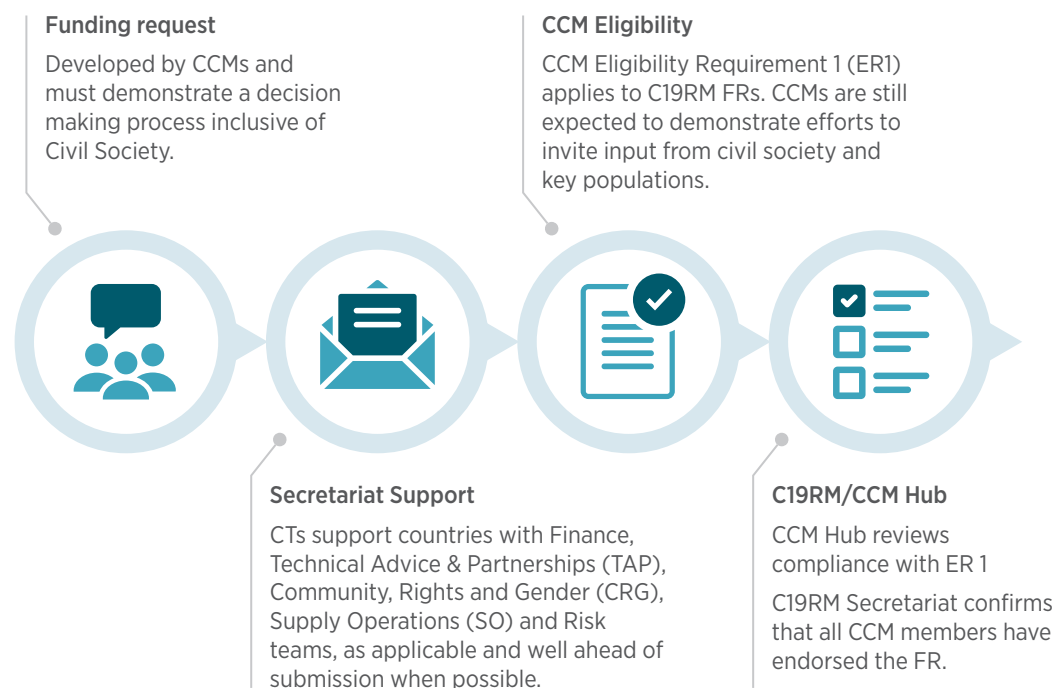
Sources: OIG CCM and PR surveys

Iterative process to incorporate the lessons learned

Policies were revised where needed, reflecting learnings from implementation or evolving requirements. For example, joint Finance-Risk reviews were used to improve processes, e.g. additional C19RM KPIs were introduced in October 2020, to report time taken on budgeting and signing C19RM grants to the Investment Committee. Other adjustments included incorporating top-ups to countries (when additional donations were received after initial allocations) and discontinuing certain procurement flexibilities due to implementation challenges.

CCMs and PRs corroborated our conclusions on the proper design of the C19RM policy framework. 88% of CCMs rated the process as “excellent” or “good”, both for quality and timeliness.

FIGURE 8



3. Findings

3.1 Development and design

COVID-19 RESPONSE MECHANISM (C19RM)

3.1.3 Lessons learnt monitoring mechanisms

C19RM has evolved since its initiation in April 2020. Given the exceptional circumstances and emergency need to deliver a funding response to the pandemic, the Board/Committees have so far relied on the Secretariat's update reports on the mechanism, without specific Key Performance Indicators (KPI) requirements. The Secretariat has provided regular and detailed updates to the Board on amounts approved, commodities ordered, and COVID-19's impact in the countries supported by the Global Fund. The mechanism has functioned adequately for current funding and needs.

The Secretariat has set up KPIs to monitor the progress of C19RM grants and report results to the Investment Committee. The initial focus was on speed of funding request approval. In June 2020, the Secretariat set up a KPI to monitor the time taken for funding request review. This helped drive a keen focus on application processing and funding approval; 90% of funding requests were approved, and notification letters were sent to countries within 11 business days of funding request review start date.

Measuring timelines throughout the process

However, timelines for the next stages of C19RM, such as completing grant budgets and grant signing, were not monitored. We noted delays in revising and signing grants, which took on average 51 days to finalize, compared to 38 days in the operational policy. These delays have produced operational bottlenecks ([detailed in Section 3.2](#)).

In October 2020, the Secretariat, following an internal joint review by Finance-Risk teams, introduced two additional KPIs for Investment Committee reporting:

- Notification template sent to applicant requesting grant budget details (with target of 15 business days from C19RM Notification Letter);
- Percentage of grants that completed the C19RM budgets and were signed, (target of 38 working days from issuance of Notification Letter).

We found the revised KPIs adequate to measure the grant revision/signing process.

Enhanced reporting needed to proactively monitor implementation

While internal KPIs now measure C19RM progress up to grant signing, there are no internal KPIs yet on implementation, e.g. measuring C19RM disbursements. A tight C19RM implementation period ending on 30 June 2021 presents significant risks of not completing activities on time. Initial data analysis indicates low uptake of funds till January 2021, compared to activities budgeted to be executed, corroborating risks of delays. For detailed analysis, please refer to [section 3.2.2 Grant Implementation Risks](#). Going forward, an internal KPI can help the Investment Committee monitor and proactively address implementation challenges.

The Secretariat currently employs its regular performance reporting arrangement (PUDR) for C19RM funding, with semesterly or annual reporting cycles (differentiated by portfolio criticality). With all C19RM funding budgeted to be executed by 30 June 2021, more frequent monitoring is needed to identify and proactively tackle operational bottlenecks, and to inform strategic responses (e.g. grant extensions). It needs to consider trade-offs with workload implications for implementers to carry out enhanced reporting (especially when workload represents a key implementation challenge at all levels). Other solutions can be explored, e.g. short progress surveys.

Going forward: measuring the impact of C19RM

C19RM KPIs are currently entirely based on program “inputs”, such as timely availability of funding. This has so far been aligned with the emergency nature of the mechanism, with consequently limited expectations from the Board. However, while difficult to measure and attribute, there is a growing need to report the results and impact of C19RM, especially if additional funding will be made available in future. In our interviews, most Board and committee members expressed related concerns and expectations. Going forward, output, outcome and impact measurements could be explored, particularly on programmatic areas (e.g. COVID-19 tests, cases/deaths averted) and financial results (e.g. disbursements, budget absorption rate). Besides addressing information needs, KPIs can also enhance focus and prioritization of these results at all levels.

Any such measurements will have to be appropriately contextualized for their limitations (“contributory” role of GF, span of control, limited causality of Global Fund investments etc.), particularly in countries where Global Fund investments and role in COVID-19 is limited.

3. Findings

3.2 Effectiveness of C19RM roll-out

COVID-19 RESPONSE MECHANISM (C19RM)

3.2.1 Funding Request submission, review and approval

While applications were submitted with some delays, the Secretariat promptly reviewed and approved them.

Some delays in Funding Request submissions

The Secretariat set ambitious submission deadlines: C19RM was created on April 9th 2020 and the application development was to be initiated by April 20th and completed by June. This deadline was missed by 40% of the 100 applicants. On average, **countries took 51 working days to develop and submit applications**, with some taking as long as 163 days.

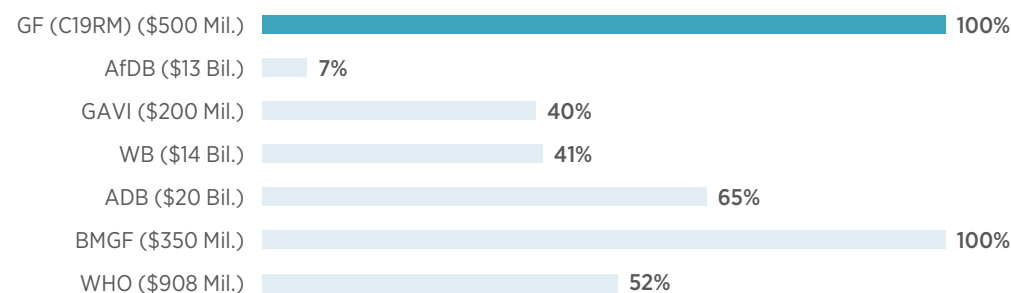
Country Coordinating Mechanisms and Principal Recipients identified **competing priorities as the biggest challenge both in developing Funding Requests and during C19RM implementation.**

25% Around 25% of CCMs and PRs consulted expressed challenges with clarity, complexity, or timely availability of policies and guidance. This has impacted full comprehension and effective application.

Prompt Funding Request review and approval

Once submitted, the Secretariat fast-tracked screening and review of C19RM funding requests. **72% of C19RM funds were approved within two months of receiving first applications on 20 May 2020.** Among benchmarked peer organizations, the Global Fund had **the highest and fastest rate of converting funding to approved grants**, approving all grants by the end of August.

FIGURE 9
C19RM versus peer organization mechanisms (% funds approved by end-August 2020)



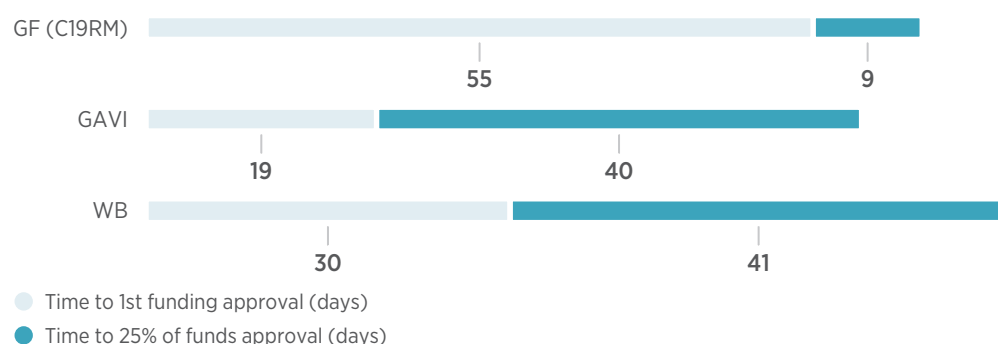
3. Findings

3.2 Effectiveness of C19RM roll-out

COVID-19 RESPONSE MECHANISM (C19RM)

Grants were approved rapidly, despite the Global Fund being one of the slowest to start approvals:

FIGURE 10
C19RM Approval Progress versus peer organization mechanisms
(days until first approval and 25% of funds approval)



The Secretariat set and achieved ambitious targets for approving funding requests. Applications were screened for CCM eligibility criteria and completeness of documentation within four working days on average, with detailed Investment Committee review and approval within 11 working days. Targets for funding request screening and approval were missed by an average of only three days and one day respectively, meaning the Secretariat was able to respond very quickly, despite the disruptions caused by COVID-19 and other NFM 3 grant making priorities.

Strong controls applied to funding request reviews. Incomplete applications were returned to countries and Country Teams to fill out the missing information, and resubmit completed versions. All funding requests were reviewed by Country Teams, CCM Hub, Supply Operations, Technical Advice and Partnerships (TAP), Community, Rights and Gender (CRG) and Risk, and their feedback incorporated before decisions.

The OIG reviewed 100 Funding Requests and found that they **were materially compliant** with key policy requirements and application of controls. This included review and sign-off by Country Teams, Grant Management, Finance, Risk, and other key stakeholders after their comments were addressed, prior to Investment Committee approval. Where comments were not or were partially addressed, mitigating actions were agreed in the conditional approval by the Investment Committee, for redress prior to grant signing or inclusion in grant agreements.

C19RM Funding Requests were endorsed by all CCM members, including civil society and key population representatives. Nevertheless, in a survey conducted by CRG, 30% of respondents mentioned they had not seen and signed off final funding requests submitted to the Global Fund. Inclusiveness was integral to C19RM’s design, and sign-off was to function as a control ensuring this happened. Going forward, CCM feedback needs to be analyzed for lessons learnt on strengthening inclusiveness (e.g. early engagement, strengthening final sign-off controls).

Sources: For peer information: African Development Bank COVID-19 Response Facility; Asian Development Bank COVID-19 Pandemic Response Option (COPRO, Islamic Development Bank Strategic Preparedness; GAVI Grant Flexibilities; World Bank COVID-19 Fast Track Facility; Bill & Melinda Gates Foundation COVID-19 Response; World Health Organization Strategic Preparedness and Response Plan. For Global Fund: C19RM KPI data (OIG analysis), OIG CCM and PR surveys

3. Findings

3.2 Effectiveness of C19RM roll-out

COVID-19 RESPONSE MECHANISM (C19RM)

3.2.2 Grant Implementation risks

C19RM’s short implementation period was meant to keep countries focused on timely implementation of key activities in a fast-evolving pandemic. For countries notified in October 2020, the implementation period is nine months, which is aligned with requirements for an emergency response. With the extension of the funding request approval deadline to 15th April 2021, this period has shortened further in many cases, and might not be enough to implement many activities, especially non-procurement or health system investments, which take longer to implement.

There has been a good start to implementing activities at the country level.

- As of December, **97% of PRs that responded to the OIG survey said they had started implementing C19RM activities. 30% started in July/August, 26% in September/October and 20% in November/December.** Of those that had started, 80% had initiated both procurements and other grant activities.
- **70% of responding PRs said they had used the flexibility to start using funds upon receiving the notification of approval.** This has partly mitigated delays in finalizing C19RM budgeting and grant signing, which took on average 51 calendar days, against a target of 38 days.

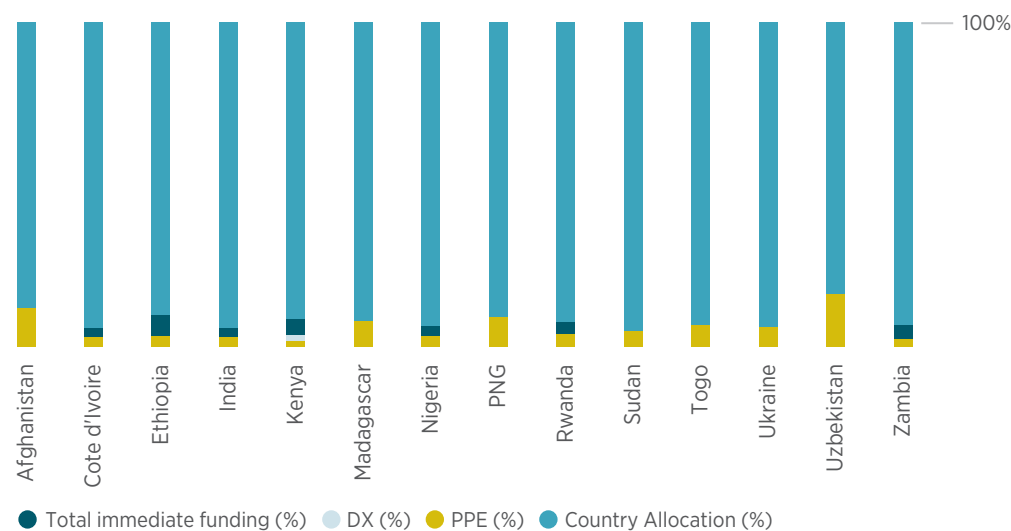
While activities have started, the implementation rate is difficult to measure. However, we calculated that approximately 78% of COVID-19 activities within approved grants were to be completed by the end of 2020, with the rest to be executed by 30 June 2021. In comparison, by the end of February 2021, an estimated US\$512 million (67% of approved funds) has been reported as **initiated** (for Wambo C19RM procurements) **and/or disbursed** in cash to countries. There are various caveats to the estimated value of initiated activities:

- The consolidated value of C19RM procurements executed by UNICEF and not ordered through Wambo/PPM is not known, nor included in this amount, as these are not reported to the Secretariat at the aggregate level (details in section [3.2.3 Health Commodities](#)).
- Countries can use funding from disease grants as soon as notification is received, without waiting for a C19RM disbursement. The aggregated amount of cash available in-country is not known at the Global Fund portfolio level, nor included in this estimate.

These are estimates of initiated activities, while the budgeted target was to complete approximately 78% of C19RM activities by Dec-2020. There are risks that some C19RM activities will not be completed within the tight implementation deadline of 30 June 2021. Any slippages could delay the benefits and impact of C19RM funding on countries and disease programs.

C19RM constituted a small percentage of total Global Fund funding for most countries - see Figure 11. Multiple competing priorities, including for NFM3 grant making, which constitutes the main Global Fund funding for most countries, has been a key implementation challenge for C19RM activities.

FIGURE 11
2020-2022 GF allocation versus C19RM funds (14 OIG sampled countries)



Competing priorities at country level were identified as a key implementation risk by 30% of PRs.

The risks will change in case of significant additional funding. While entailing higher workload, this will also enhance prioritization. In addition, there will be learning curve benefits in countries.

Source: Global Fund Allocations 2020-2022, C19RM papers, Global Fund Corporate Data Warehouse Detailed budget, Grant Operating System- Annual Funding Decisions, Global Fund Wambo data, OIG CCM & PR surveys

3. Findings

3.2 Effectiveness of C19RM roll-out

COVID-19 RESPONSE MECHANISM (C19RM)

3.2.3 Health commodities

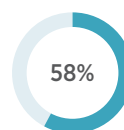
PRs were allowed multiple flexibilities to fast-track procurements, including the option of procuring outside Wambo/PPM. After a slow start, the Secretariat has increased the use of Wambo/PPM and fast-tracked procurements significantly in early 2021. However, challenges and risks exist on visibility of procurements and timely delivery of commodities, particularly for non-Wambo/PPM items.

A key need for countries in responding to COVID-19 are diagnostic test kits and personal protective equipment, both of which are in short supply globally. To fast track procurements, PRs were allowed to initiate them either through local procurements, Wambo/Pooled Procurement Mechanism or with UNICEF/UNDP, as soon as fund approval notifications were shared with countries, without waiting to complete the grant revision process.

A flexible procurement mechanism was introduced and continuously assessed. An Accelerated Order Management (AOM) mechanism was developed in May 2020, to speed up and consolidate C19 diagnostics demand across Global Fund eligible countries, and manage limited supply against high demand of products through a WHO-led allocation approach. It allowed countries to start procurements early, and stagger and manage supplies. The Secretariat carefully monitored the process and risks, and adjusted wherever necessary. As anticipated, some orders were higher than approved budgets, there were inconsistent requisition trails, or there was a need to double-check countries' orders. On the other hand, the standard procurement process did not face supply bottlenecks, and countries could order their full volumes in single orders. After a few months, the Secretariat re-assessed the need and risks through a self-review, and reverted to the standard PPM process and controls for the procurement of C19RM diagnostics.

A third of PRs responding to the OIG survey did not take up the opportunity to start procurements as soon as they had been notified that funds were approved. This contributed to typical lags of 60-90 days between approval notification and procurement initiation.

Global Fund systems can extract data on procurements through Wambo/PPM. However, there are monitoring challenges over procurements outside PPM/Wambo. For procurements through UNDP and UNICEF, while Country Teams can track their procurements by donors/source of funding, the Secretariat does not receive regular consolidated data on the total value procured through Global Fund investments. There is no visibility on local procurements by countries. The Global Fund has to wait for PUDR reporting cycles – every six months or yearly - to receive information on procurements outside Wambo/PPM. Hence, it is challenging to proactively monitor the overall status of Global Fund-financed procurements for C19RM, and address bottlenecks. This is in addition to the challenges of assuring quality and ensuring cost efficiency on procurements outside Wambo/PPM. Wambo/PPM procurements allow for better risk management in a pandemic environment where assurance over local procurements can become costly and difficult.



Of the total C19RM funding, procurement-related activities (diagnostics and PPE) make up approximately 60% (US\$458 million). Timely procurements are critical for C19RM utilization and impact. However, by end of February 2021, only 58% of total C19RM budgeted procurements had their orders initiated in Wambo*. This excludes non-Wambo/PPM procurements, whose status is not currently known. In comparison, approximately 78% of approved activities were budgeted to be executed by end-2020. Further, C19RM processes require completion of all activities (including procurements, up to delivery and use) by 30 June 2021. As of end of February 2021, commodities (diagnostics and PPE) worth US\$97 million had been delivered to countries through Wambo/PPM.

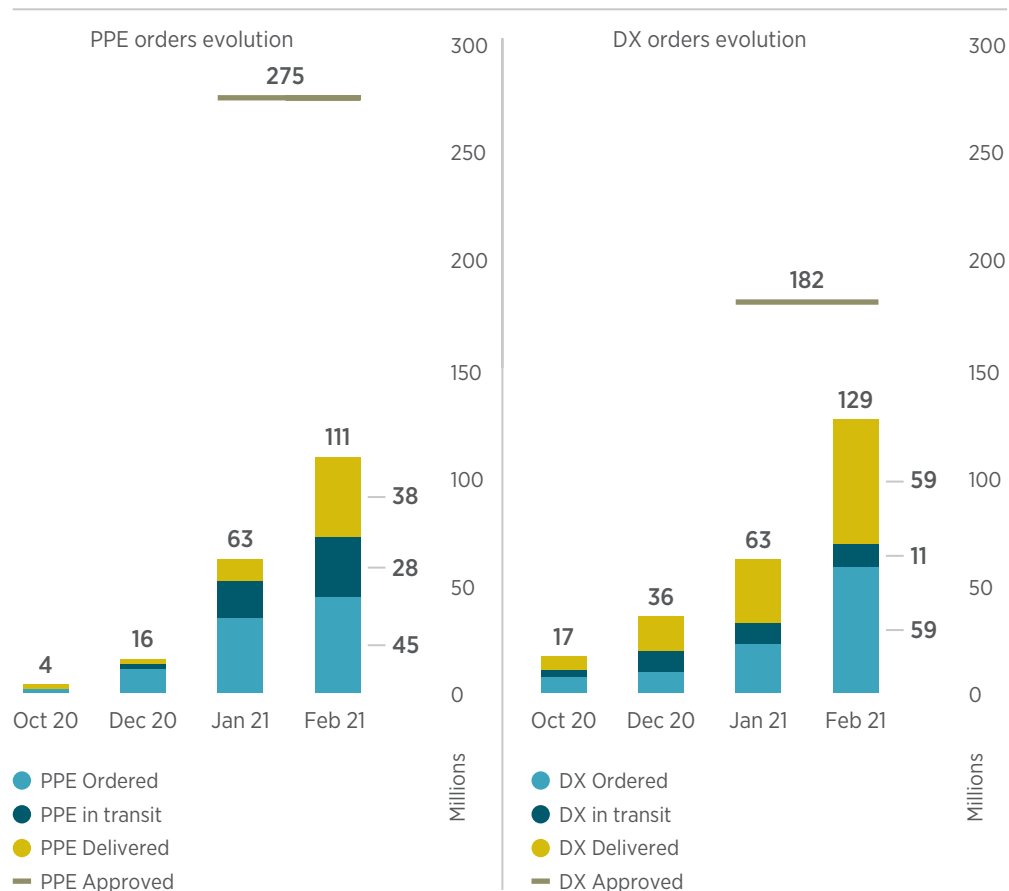
3. Findings

3.2 Effectiveness of C19RM roll-out

COVID-19 RESPONSE MECHANISM (C19RM)

After addressing initial bottlenecks both at the country and the Secretariat level, the Secretariat has fast-tracked procurements through Wambo/PPM significantly, especially in early 2021. However, as procurements can have significant lead times**, all remaining orders need to be expedited to ensure completion by 30 June. Going forward, the Secretariat will need to have a view on all requests for commodities, to ensure procurements are not delayed, and any bottlenecks are proactively addressed.

FIGURE 12
C19RM commodities ordering evolution (WAMBO only)



Source: Global Fund Wambo data (data extract from Feb-21)

4. Agreed Management Actions

Agreed Management Action

TOPIC	AGREED MANAGEMENT ACTION
Overall mechanism	<p>The Secretariat will use the outcomes of the OIG audit and its own self-review and lessons learnt to enhance the following areas within the C19RM mechanism to enhance the following:</p> <ul style="list-style-type: none">■ The allocation methodology to improve linkage, agility and responsiveness to evolving pandemic, data quality and availability, and country needs.■ Monitoring and reporting for C19RM activities throughout the C19RM grant cycle, in line with the Board approval. The options will consider workload trade-offs, competing priorities and data limitations.■ The guidance to CCMs and PRs to improve the implementation of C19RM framework (including use of flexibilities). <p>Owner: Chief Risk Officer Due date: 31 December 2021</p>

Annex 1

COVID-19 Pandemic: Evolution

COVID-19 RESPONSE MECHANISM (C19RM)

The COVID-19 Pandemic: one year and counting

COVID-19 has had an unprecedented impact, on various levels. As of March 2021, over 115 million cases had been reported globally and 2.6 million people had perished.

As a result of the fast spread, health systems in developed and developing countries came under extreme pressure. Hospitals and health workers faced rising demands to attend to a growing number of COVID-19 patients. There was a shortage of materials such as PPE, oxygen, ventilators and COVID-19 diagnostic tests. Health workers have been particularly affected, representing 14% of all detailed case reports submitted to WHO by October 2020, with a similarly high proportion of deaths, leading to global disruptions in health services.

Beyond the health crisis, COVID-19 has impacted all of society. Countries responded to the pandemic in different ways, closing schools, shops, workplaces, bars, restaurants and borders, and asking people to stay at home to limit the spread of the virus. National lockdowns have affected economies, leading to unemployment and closure of businesses, and the IMF forecasts global output to fall to 4.9% in 2020-21. Many countries introduced financial support for businesses and individuals, particularly lower-income and other vulnerable groups. Economic support has come at a huge cost for all economies and will inevitably impact the development sector in the future.

Annex 2

COVID-19 Pandemic: Global situation

COVID-19 RESPONSE MECHANISM (C19RM)

More than two million people have died due to COVID-19

As of March 2021, Europe and US remain at the epicenter of the COVID-19 pandemic, along with many Latin American countries. Brazil, Chile, Mexico, and Peru are among the ten countries reporting the highest number of confirmed cases and/or deaths globally. The countries where the Global Fund invests have comparatively fewer COVID-19 cases, accounting for 27% of global cases.

However, these countries are likely to be disproportionately affected, and will require support from developed countries, especially those with high risk of underreporting. For example, the World Bank estimates that COVID-19 is likely to push between 88 and 115 million people into extreme poverty in developing countries. The pandemic is disproportionately impacting access to health care services, with high out-of-pocket health expenditure.

For example, while COVID-19 cases in Africa remain low, the pandemic is expected to significantly reduce government revenue and health expenditure, and undermine debt sustainability in a number of countries. This is impacting health systems and the progress being achieved in fighting other diseases.

FIGURE 13







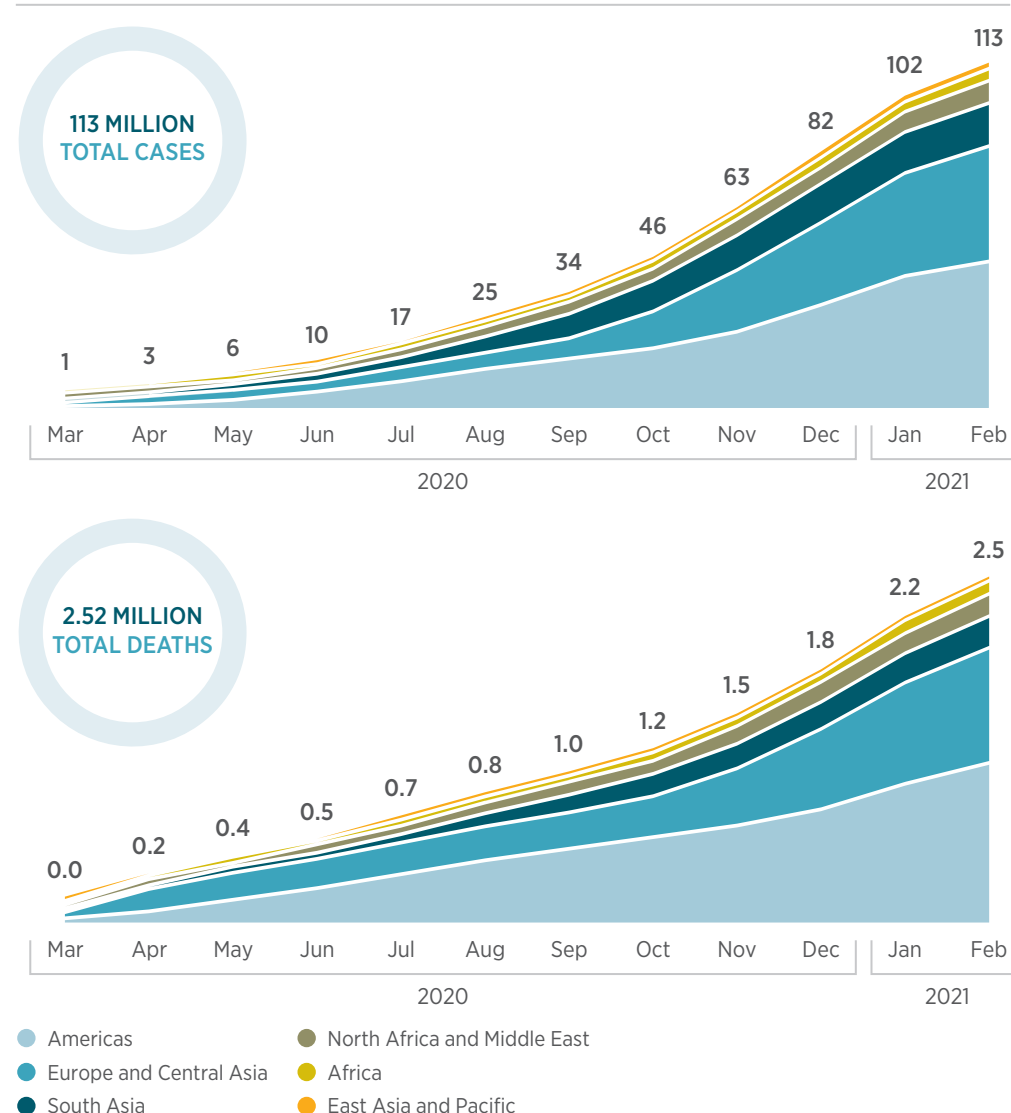
Region	Cases	Cases	Deaths
Americas		50,426,828	1,205,259
Europe and Central Asia		38,658,934	862,148
South Asia		13,517,009	208,013
North Africa and Middle East		6,388,264	144,477
Africa		2,840,103	71,990
East Asia and Pacific		1,620,603	29,007

FIGURE 14



Annex 3

COVID-19: Impact on Health and GF programs

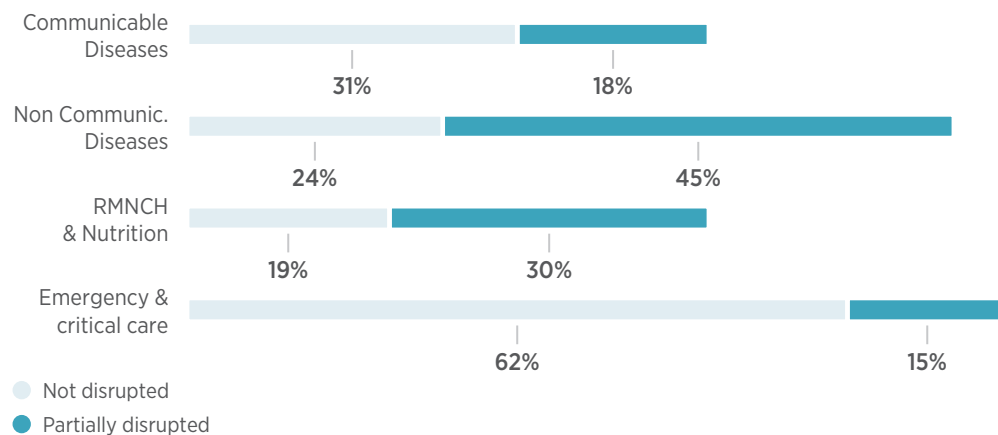
COVID-19 RESPONSE MECHANISM (C19RM)

Countries reporting disruptions

The COVID-19 pandemic has had a major impact on the capacity of health systems to deliver essential health services. A WHO Survey confirmed disruptions in essential health services in 90% of countries globally. The most frequently disrupted services included:

- routine immunization services – outreach services (70%) and facility-based services (61%)
- non-communicable disease diagnosis and treatment (69%)
- family planning and contraception (68%)
- treatment for mental health disorders (61%)
- antenatal care (56%)
- cancer diagnosis and treatment (55%)

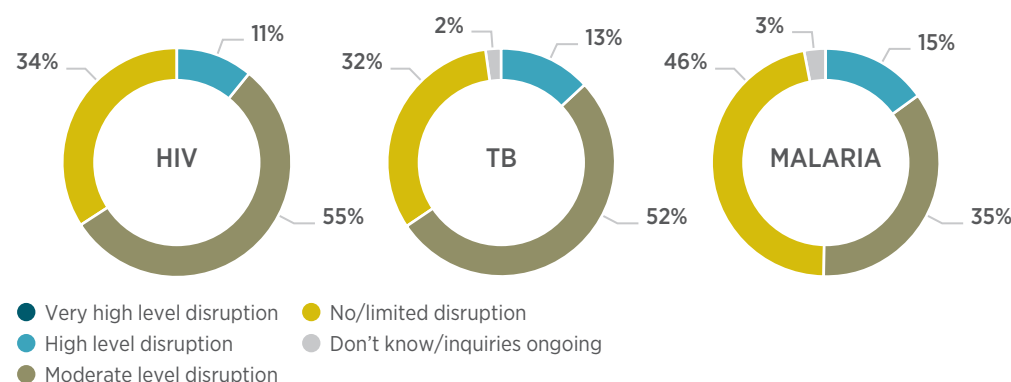
FIGURE 15
Health service disruptions by disease type:



Sources: WHO EHS survey, Global Fund COVID-19 Situation Report Feb 2021

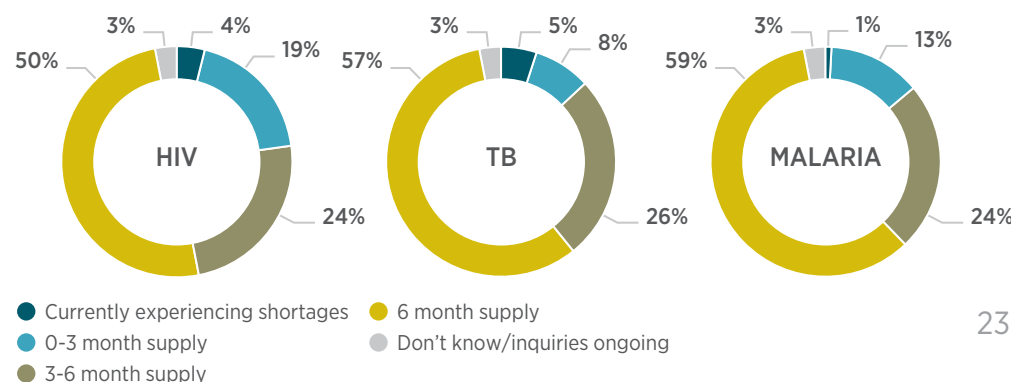
Service delivery disruption: Service delivery availability has registered some improvements as the pandemic response has gradually improved in countries. However, 13-14% of GF countries are still reporting very high or high disruption in service delivery for all three diseases. Disruptions have been caused by a combination of demand and supply side factors.

FIGURE 16
Disruption Levels in countries with GF programs– March 2021



Availability of national stock: The ongoing pandemic has weakened global supply chains, including for Global Fund health commodities. Key medicine supply is improving but remains an issue especially for HIV and TB. Disruptions are mainly due to delays in getting health commodities into countries and subsequent distribution delays.

FIGURE 17
Health commodities stock in GF programs– March 2021



Annex 4

Global Fund: COVID-19 response chronology

COVID-19 RESPONSE MECHANISM (C19RM)

Rapid Global Fund response to COVID-19 pandemic

- On 9 April, the Global Fund Board approved a new COVID-19 Response Mechanism (C19RM) and operational flexibilities to support countries in responding to COVID-19 and to mitigate the impact on programs to fight HIV, TB, malaria and to support health systems.
- The Secretariat put together a core operations working group dedicated to developing and operationalizing the C19RM mechanism. It included members from Secretariat functional teams (Finance, IT, Grant Management, Supply Operations, Risk, A2F, Legal).
- The working group developed operational guidelines for C19RM via the Executive Director Memorandum. The document covered eligibility on immediate and contingent funding awards, eligible investments, and application and decision making processes. The memo also provided high-level guidance on reporting on investment decisions, as well as expenditure reporting.
- On 17 April 2020, the Secretariat informed CCMs, PRs and partners that the C19RM was now available for countries.
- On 22 April 2020, C19RM application materials were shared with CCMs, PRs and partners.
- The C19RM Secretariat was created on 11 May 2020 to support the rapid review and approval of requests to use funds available through C19RM. The C19RM Secretariat adopted a simplified and streamlined review and approval process, to enable responses to funding requests to be made within 11 days from start of funding request review.
- Global Fund technical teams were part of the review process of all C19RM Funding Requests which were then reviewed and approved by the Investment Committee.
- On 11 June 2020, the Secretariat made C19RM operational procedures available to both internal and external stakeholders. The document provided a full overview of the entire C19RM review and approval process, as well as instructions for applicants. The internal version provided information on key timelines/deadlines and responsibilities.
- As additional funding for C19RM became available in July 2020, the Investment Committee established a 'top up' process to allow eligible countries to receive additional funding of up to 6% of their allocation. This process would build on the C19RM application review.
- In September 2020, the Global Fund Board approved for the Secretariat to review and approve requests for C19RM funds through 15 April 2021.

Annex 5

Global Fund COVID-19 Initiatives

COVID-19 RESPONSE MECHANISM (C19RM)

FIGURE 18



Grant Flexibilities

In March 2020, the Global Fund issued COVID-19 guidance, allowing countries to use the following parts of disease grants to support C19 activities (with written approval):

- redeploy under-utilized assets funded by the Global Fund;
- redeploy grant savings (e.g. cost savings on executed activities) of up to 5% of the grant total;
- reprogram any funds out of unimplemented activities, to fund C19 activities, up to an additional 5% of the grant total.

The use of funds is mostly from grant savings, focusing mainly on infection control, diagnostics activities & products, and lab equipment; reprogramming requests have been approved in a small number of cases.

US\$221 Million



COVID-19 Response Mechanism

As an additional action to provide timely support to country responses to COVID-19, the Board approved the creation of a COVID-19 Response Mechanism (C19RM). The mechanism was designed to provide rapid and additional support for the following:

- COVID-19 control and containment interventions, including PPE, diagnostics, communications and other public measures;
- COVID-19 related risk mitigation measures for disease programs, e.g. additional support for LLIN distribution;
- Reinforcing key aspects of health systems, such as lab networks, supply chains, and community-led response systems, to address advocacy, services, accountability, and human-rights based approaches.

US\$759 Million



Access to COVID-19 Tools Accelerator

ACT-A is a consortium of governments, scientists, the private sector, civil society, philanthropists and other global health organizations. It aims to bring COVID-19 under control and speed up an end to the pandemic by supporting the development and equitable distributions of tests, treatments and vaccines. The Global Fund is the co-convenor of both the Diagnostics Partnership and the Health Systems Connector.

The Global Fund is actively involved in the WHO Diagnostics Consortium to monitor supply and demand of molecular and rapid diagnostics tests for COVID-19, and implement WHO allocation for COVID-19 products.

The Global Fund has made Wambo, the online sourcing portal, accessible to all countries and organizations so they can benefit from the Global Fund's economies of scale for health products.

Annex 6

C19RM: Key features

COVID-19 RESPONSE MECHANISM (C19RM)

As of February 2021, the Global Fund has made a total of US\$759 million available to help countries fight COVID-19, shore up health systems, and mitigate the impacts on life-saving HIV, TB and malaria programs. Three key principles of the mechanism are as follows:

Country Eligibility

- All current implementer countries, including regional/multi-country recipients that are receiving funding from the Global Fund, are eligible for C19RM support.
- Eligibility does not distinguish COVID-19 burden: the date of onset, speed and dynamic of an outbreak are unpredictable, varying between countries and over time.

Eligible Investments

Both the Board approval of C19RM and the memorandum from the Executive Director operationalizing it in April 2020, mention that C19RM can be used to finance activities and/or commodities in the following three areas:

- Supporting direct COVID-19 responses in countries (e.g. purchase of diagnostics and protective equipment, support for emergency response centers), in line with WHO technical guidance on COVID-19 and national Strategic Preparedness and Response Plans for COVID-19.
- Funding risk mitigation activities related to HIV, TB, and malaria programming (e.g. additional support for LLIN distribution activities to protect against COVID-19), in line with WHO technical guidance and in close collaboration with partners.
- Addressing critical gaps in health and community systems (e.g. strengthening laboratory networks, supply chains and community-led response).

Approval by Priorities

PRIORITY 1:

- Requests should include immediate interventions required to maintain current HIV, TB and malaria programs.
- They can also include actions to reinforce the response to COVID-19 and initiatives to make urgent improvements in health and community systems, including laboratory networks, supply chains and engagement with vulnerable communities.

PRIORITY 2:

- These activities can be from any of the three main types of eligible investments, but which were not prioritized by country by placing them under Priority 1 in Funding Requests.

Ceiling per country:

- Countries are eligible for C19RM support of up to 10% of their respective country allocation for the 6th replenishment period, minus amounts accessed through grant flexibilities.
- For multi-country grants with no fixed 6th replenishment allocation, support will be up to 10% of the current grant allocation, minus amounts accessed through grant flexibilities.
- C19RM approval is split into two components: “immediate award”, generally covering all Priority 1 activities and additional activities from Priority 2 if possible within allocation, and “award contingent on funding”, generally with remaining Priority 2 activities.

Application and Decision Process:

- Applications must come from CCMs and demonstrate a decision-making process inclusive of civil society: Eligibility Requirement 1.
- Decisions will be made by the C19RM Investment Committee, comprised of staff from the Grant Management, Finance, Risk and SIID departments. The committee bases its decisions on the review of C19RM applications from Global Fund technical teams (Technical Advisory Partnerships, Supply Operations, Country Team, CCM Hub).

Annex 7

C19RM: Governance

The **Global Fund Board** approved the creation of a temporary COVID-19 response mechanism (C19RM), which is designed to be administered within the established internal control framework of the Global Fund. The Board requested the Secretariat to provide regular reporting on the operationalization of C19RM, including any investments made with C19RM funds.

The **Executive Director** and Secretariat will provide frequent Board updates, reporting transparently and frequently on the Global Fund's response to COVID-19 and implementation of these decisions if approved.

An **Investment Committee (IC)** provides oversight and governance on strategic review and decision-making on C19RM funding to support countries in their COVID-19 response and to mitigate adverse impact on the fight against the three diseases and systems for health. The main functions of the IC are:

- Approving requests for immediate funding for each funding request, with the discretion to approve less, or exceed the threshold, in relevant cases based on available funding.
- Fast tracking decisions on diagnostics for selected countries.
- Providing steering and guidance on strategic issues with potential portfolio-wide implications.
- Articulating any risk acceptance decisions and conditions of approval, including conditions to accessing funding.

A C19RM Advisory Group consists of members from various departments to provide in-depth technical expertise on complex C19RM funding requests. It may be called upon in its entirety or individual members depending on the type of advice needed.

The **C19RM Secretariat** is a dedicated, small team within the Access to Funding department, created to support the rapid review and approval of requests to use available funds. The team is comprised of experienced individuals who bring a blend of cross-functional expertise, including Grants Approval Committee, Funding Request review, Finance, Legal and Data Management. The overall functions and responsibilities involve:

- Preparing Funding Requests for review and approval by Approvals / Investment Committee.
- Convening Investment Committee meetings and manage dashboards, tracker.
- Preparing and deliver timely / regular reporting to the Board and Committees.
- Notifying Country Teams and countries of Investment Decision and conditionalities, if any.
- Smoothing handover to Country Teams for implementation, and to Operational Efficiency on process management for implementation / grant revisions.

Secretariat Functional Teams: C19RM funding requests are reviewed by Country Teams, Technical Advice and Partnerships, Community, Rights and Gender, Supply Operations, Risk, the CCM Hub, Finance and Legal. Their recommendations are presented to the Investment Committee for a final decision.

COVID-19 RESPONSE MECHANISM (C19RM)

GLOBAL FUND BOARD

AUDIT & FINANCE COMMITTEE

EXECUTIVE DIRECTOR

INVESTMENT COMMITTEE

Chair: Chief Risk Officer
Head, Grant Management Division
Chief Financial Officer
Head, Supply Operations; and
Head Technical Advice and Partnerships
C19RM Advisory Group

C19RM SECRETARIAT

C19RM Lead
C19RM Project Manager
C19RM Specialist
Data Specialist
Finance Specialist
Admin and Data Analyst

SECRETARIAT FUNCTIONAL TEAMS

Country Teams | TAP | CRG | Supply Operations
Risk | CCM Hub | Legal

General Audit Rating Classification

RATING	DEFINITION
Effective	No issues or few minor issues noted. Internal controls, governance and risk management processes are adequately designed, consistently well implemented, and effective to provide reasonable assurance that the objectives will be met.
Partially Effective	Moderate issues noted. Internal controls, governance and risk management practices are adequately designed, generally well implemented, but one or a limited number of issues were identified that may present a moderate risk to the achievement of the objectives.
Needs significant improvement	One or few significant issues noted. Internal controls, governance and risk management practices have some weaknesses in design or operating effectiveness such that, until they are addressed, there is not yet reasonable assurance that the objectives are likely to be met.
Ineffective	Multiple significant and/or (a) material issue(s) noted. Internal controls, governance and risk management processes are not adequately designed and/or are not generally effective. The nature of these issues is such that the achievement of objectives is seriously compromised.

Methodology

The OIG audits in accordance with the global Institute of Internal Auditors' (IIA) definition of internal auditing, international standards for the professional practice of internal auditing (Standards) and code of ethics. These Standards help ensure the quality and professionalism of the OIG's work.

The principles and details of the OIG's audit approach are described in its Charter, Audit Manual, Code of Conduct and specific terms of reference for each engagement. These help our auditors to provide high quality professional work, and to operate efficiently and effectively. They help safeguard the independence of the OIG's auditors and the integrity of their work. The OIG's Audit Manual contains detailed instructions for carrying out its audits, in line with the appropriate standards and expected quality.

The scope of OIG audits may be specific or broad, depending on the context, and covers risk management, governance and internal controls. Audits test and evaluate supervisory and control systems to determine whether risk is managed appropriately. Detailed testing takes place across the Global Fund as well as of grant recipients and is used to provide specific assessments of the different areas of the organization's activities. Other sources of evidence, such as the work of other auditors/assurance providers, are used to support the conclusions.

OIG audits typically involve an examination of programs, operations, management systems and procedures of bodies and institutions that manage Global Fund funds, to assess whether they are achieving economy, efficiency and effectiveness in the use of those resources. They may include a review of inputs (financial, human, material, organizational or regulatory means needed for the implementation of the program), outputs (deliverables of the program), results (immediate effects of the program on beneficiaries) and impacts (long-term changes in society that are attributable to Global Fund support).

Audits may also assess how Global Fund grants/portfolios are performing against target for Secretariat-defined key indicators; specific indicators are chosen for inclusion based on their relevance to the topic of the audit.

Audits cover a wide range of topics with a focus on issues related to the impact of Global Fund investments, procurement and supply chain management, change management, and key financial and fiduciary controls.