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Message from the Executive Director – Grant-Making

30 May 2017

Programs supported by the Global Fund have saved more than 20 million lives, by effectively preventing and treating HIV, tuberculosis and malaria. Our results, as reported in January 2017, include:

- More than 700 million mosquito nets to protect families from malaria;
- More than 16 million courses of treatment for TB;
- More than 10 million people on antiretroviral therapy for HIV

The impact of these efforts is clear, contributing to a 69 percent fall in mortality rates among children under five, and impressive decreases in the number of people who die from AIDS, TB and malaria. What many thought impossible 15 years ago has now been achieved.

The Office of the Inspector General is a central and important part of providing assurance, conducting independent audits and investigations to complement the active risk management and controls put in place by the Secretariat with oversight by the Board of the Global Fund. We welcome the findings of the Follow-up Review: Grant Making Processes Audit Report which reviews progress on the issues identified in an audit report from February 2016. In the months since the 2016 audit report, Secretariat staff worked to address the challenges identified by the OIG. The audit was conducted while the Secretariat was finalizing the design and change management for some elements of grant making.

The OIG acknowledges significant improvement in processes and tools to support grant making, including:

- Differentiation of the application process into three different application types based on country context and the size of the funding allocation;
- Differentiation of the implementer capacity assessment tool to be required only for new implementers or implementers working in new areas;

- Simplification of requirements (from 22 to 10 documents) and enhanced governance around the Grant Approval Committee (GAC);
- Enhancements in the risk management processes and tools; and
- Sufficient change management to roll-out the associated changes.

The audit identified three main areas for improvement: 1) systems to support grant making; 2) operational and change management processes for catalytic investments and co-financing for grant making; and 3) internal controls to sign-off on grants.

Limitations in underlying systems to support grant making are being addressed through the Accelerated Integration Management (AIM) project that was launched in 2015 which is developing an integrated Grant Operational System (GOS). To make core functionalities available for key business milestones, the Secretariat separated grant making systems development into two releases: the first covers grant creation and core documents and grant confirmation; the second covers the completion of grant making, the review and approval process, grant activation and financial information needed before a first disbursement. The functionality for the first step went live on 16 May 2017, after the completion of the audit, so applicants from the first TRP review window have access to the streamlined systems at the beginning of grant making. The second release is scheduled for July 2017. The Secretariat estimates that a few countries will use GOS to submit documents for a GAC meeting on 27 July. This will allow the system to be used first by a small number of countries, before the majority of implementers submit their grants for GAC review in September, October and November of 2017.

As the OIG notes in the audit, moving from design to implementation with effective change management may sometimes be challenging within the given timelines and requires the Secretariat to prioritize. In the case of the catalytic investments, the Secretariat prioritized work on the matching funds, which would be needed initially by the applicants submitting applications for the first TRP window in March 2017 and is now working to develop the approach to multi-country funding requests and strategic initiatives. In the case of co-financing, the Secretariat prioritized work to operationalize the co-financing policy during the access to funding prior to developing the Co-Financing OPN, including incorporating tailored language into the allocation letters on previous and future commitments for each country. The work also includes implications of not realizing commitments; revising the core Access to Funding documents to be consistent with the new co-financing requirements; and communicating changes in the co-financing policy through webinars, an e-Learning module and information sessions.

In order to strive to implement future policies in time, the Secretariat will work with the Board to agree on timing for revised Board policies based on operational realities.

The OIG raised concerns about the volume and timing of funding requests, which are consolidated into the first two TRP review windows of 2017 (respectively 93 and 59 funding requests out of an expected 230). Applicants select the timing of funding requests

to the Global Fund. The one exception is for applicants that are eligible for program continuation. This year, the Secretariat asked program continuation countries with applications ending by mid-2018 (73 components) to submit a short program continuation request in the first TRP review window. The first review window was chosen so that applicants would have sufficient time to develop and submit a full or tailored funding request in case the TRP asked them to change the review type. The first TRP review window went well, with a very high success rate – 95 percent. Successful program continuation applicants proceeded directly to grant making once signed off by the TRP. The OIG notes that 55 country grants expiring in 2017 did not submit funding requests in the first TRP review window. However, 90 percent of these are expected for review in the second TRP review window on 23 May 2017, which leaves six months for grant making and signing.

The Secretariat is also taking a proactive approach to helping countries sign grants on time and limit the need for extensions. As the OIG notes, the Secretariat grant making coordination group conducted an analysis in Q1 2017 to identify countries where it might be difficult to complete the access to funding and grant making process by grant end dates if countries took the same amount of time as the last cycle. This information was shared with regional teams so that they could work closely with countries to address the challenges and ensure new grants are signed by the end dates of current grants. In addition, the Secretariat will be proactively tracking progress across the countries on grant making on a monthly basis to identify implementers and country teams that may be experiencing challenges.

Developing internal controls underlying grant making reflects a collaboration between the OIG and the Secretariat. At the beginning of the audit, the Secretariat team asked the OIG to look at controls within the grant making processes to advise the Secretariat on whether the controls were sufficient or needed to be enhanced. Based on the feedback of the OIG, the Secretariat is updating the Grant Final Review and Sign-off Form to strengthen the controls around capacity assessments, material changes after the TRP and also compliance with co-financing requirements.

We look forward to continuing collaboration with the OIG as we work together to strengthen the Global Fund to better deliver its mission.

Respectfully,
Mark Dybul
Executive Director