

Agreed Management Actions Progress Report

47th Board Meeting
11-12 May, 2022, Virtual

GF/B47/19

Situation as of 31 January 2022

Open AMAs, Status

(data updated for May 2022 Board)

Sep' 21: Total of 59

Jan' 22: Total of 54



Mar' 22: total of 80*



● Not overdue ● Overdue ● Long-overdue (+180 days)

Open AMAs, Risk Categories



● Financial/Fiduciary
● Health Services, Products
● Governance, Oversight, Management
● Programatic Performance

OIG risk rating, long-overdue AMAs



● High risk ● Moderate risk ● Low risk

* Increase in open AMAs is primarily due to audits and investigations being finalized during Feb and March. New long-overdue AMAs are moderate in risk classification and therefore there are no changes in the prioritization of AMAs for AFC and Board attention.

This report:

- ▶ Presents trends in AMA completion
- ▶ Analyzes risks posed by high-risk overdue AMAs for AFC's attention



Progress in addressing AMAs

- ▶ Total open AMAs have reduced from 59 in Sep' 21 to 54 in Jan' 22, due to a concerted effort to close 16 AMAs. 16 new AMAs have opened since the last progress update. Additionally, the five remaining AMAs implemented by the Secretariat in January 2022 have subsequently been validated by the OIG in February 2022.
- ▶ 7 of the 16 AMAs closed were long-overdue, including the high-risk AMA previously reported to the AFC on CCM Roles and responsibilities for countries under Additional Safeguard Policies (Nigeria audit).
- ▶ Long-overdue AMAs reduced from 23 (Sep'21) to 17 (Jan'22) thanks to good progress in implementation, especially in the Grant Management Division. The Secretariat deprioritized Ethics related AMAs due to competing priorities (e.g. development of the SEAH framework) resulting in three AMAs remaining overdue for a long time. Two of these AMAs have been prioritized in this report.



Status of previously prioritized, high-risk AMAs

- ▶ One of the four high-risk AMAs highlighted in the previous report has been closed (CCM Nigeria AMA mentioned above). Another AMA (Assurance over grants managed by International Non-Government organizations), has been closed in February 2022.
- ▶ The risks associated with the AMAs on Integrity Due Diligence and Lost to Follow-Up of HIV people living with HIV in Mozambique have not materially changed as such have been prioritized again for the AFC's attention.



Four long-overdue AMAs pose high risks to the organization**

In addition to the above-mentioned AMAs, we highlight the following long-overdue actions for the AFC's attention:

- ▶ Oversight and monitoring of Ethics and integrity risks.
- ▶ Pakistan: Undefined roles and responsibilities for grant implementation.

1. Integrity Due Diligence

HIGH RISK LONG-OVERDUE AMA

GF-OIG-19-016, AMA6

▶ “Complete the roll-out of the IDD project, such that a risk-based approach is applied to all Global Fund counterparties, including implementers and suppliers.”

▶ OWNER: **ETHICS OFFICER (NICK JACKSON)**

DUE DATE: **30.06.2020 (500+ DAYS OVERDUE)**



What progress has been made in closing this AMA?

As mentioned at the July 2021 AFC, the Secretariat has developed and deployed an integrity due diligence (“IDD”) approach for most of its counterparties. Essential Due Diligence checks are performed for all Global Fund staff and consultants, suppliers, private sector partners and governance officials. At the grant level, the Ethics Office performs IDD checks on Principal Recipient entities, their banks and bank account signatories. Reactive enhanced due diligence is also performed on Global Fund counterparts including Principal Recipients and sub-recipients in response to red flags raised by the Secretariat, including grant management country teams.

What remains to be done?

The organization has not yet agreed on an approach for IDD checks of key staff of Principal Recipients, sub-recipients and suppliers, where material risks exist. This is crucial in addressing misconduct at grant level. In 2021, the organization prioritized the development of the Framework on the Protection from Sexual Exploitation and Abuse, Sexual Harassment, and Related Abuse of Power (PSEAH) over other Ethics-related AMAs. This resulted in delays in defining the organization’s approach for IDD at grant level. In 2022, the Ethics Office aims to finalize the requirements for IDD checks for counterparties of grant implementers. This includes conducting assessments of implementer capacity to manage IDD risks to inform mitigation measures. The outstanding actions are expected to be concluded in 2022.

POTENTIAL LOSS OF IMPACT AND RISKS TO THE ORGANIZATION



Ethical, Integrity: without clear requirements for implementer IDD, the Secretariat is limited in its ability to identify, monitor and mitigate Ethics and Integrity risks at implementer level. Implementers could act in contravention of Global Fund Codes of Conduct or applicable policies on ethical behavior and conduct, without consequence or penalty. In terms of the organizational corporate risk register, this risk is linked to *In-country Conduct & Ethics risk*, rated as *High*.



Financial: The Global Fund could fall behind peer organizations in terms of expectation, risking donor confidence and ultimately funding if it cannot demonstrate it has taken concrete actions on ethics and integrity risks. This is related to the Future of Funding risk in the organizational risk register, rated as *Moderate* and on an increasing trend.



Reputational: activities carried out by Global Fund implementers represent core operations of the organization. Implementers operate across various geographies and political contexts with different risk profiles; implementers with a higher risk profile could expose the organization to reputational and other unknown risks. This is related to *Reputation risk* in the organizational risk register, rated as *High*.

2. Ethics and integrity risks: Accountabilities for managing and monitoring

HIGH RISK LONG-OVERDUE AMA

GF-OIG-19-016, AMA 2

- ▶ “The Chief of Staff, in collaboration with the Ethics Officer and Secretariat stakeholders, will review and where necessary clarify the accountabilities for managing, monitoring and overseeing a defined set of Ethics and Integrity Risks. This will be integrated into existing mechanisms, and will include a proposal for Committee oversight responsibility for specific risks, for decision by the appropriate body.”

- ▶ OWNER: **CHIEF OF STAFF (MARIJKE WIJNROKS)**
DUE DATE: **31.07.2020**
(**500+ DAYS OVERDUE**)



What progress has been made in closing this AMA?

The Ethics Office has developed an accountability matrix for Global Fund’s Ethics and Integrity risks. The matrix goes beyond Sexual Exploitation, Abuse and Harassment (SEAH) and includes among others Violation of Human Rights, Breaches of Competition, Trade and Export, Data Privacy, Environmental and Sanction laws. They were presented to the Global Fund’s Management Executive Committee in late 2020 and early 2021, for consultation on the accountabilities for managing and monitoring each ethics and integrity risk. The process was not completed due to the organization prioritizing the development of the SEAH framework in 2021, and to pandemic disruptions.

What remains to be done?

Apart from SEAH and related misconduct, accountabilities for managing other ethics risks are not clearly defined. This creates overlaps and gaps in managing those risks. The Ethics Office performs a mix of front line functional and monitoring roles, creating gaps in oversight of these risks. The AMA cannot be closed until the identified ethical risks are prioritized, and the related roles and accountabilities for them are clearly defined and approved by the Management Executive Committee. This is particularly key for the organization as multiple stakeholders are involved in managing risks. The Ethics Office plans to agree accountabilities with the Management Executive Committee in early Q2 2022.

POTENTIAL LOSS OF IMPACT AND RISKS TO THE ORGANIZATION



Misconduct: Without greater clarity on Secretariat accountabilities for managing and monitoring of key ethics and integrity risks across the Global Fund value chain, there is a potential that misconduct risks will not be identified and mitigated in timely fashion. In terms of the organizational corporate risk register, this risk is linked to SEAH and Misconduct risk, which is rated as *High* with an increasing trend.



Reputational: the Global Fund’s reputation could be harmed due to issues which emerge unexpectedly from poor governance or oversight. Reputational risk is rated as *High* in the organizational risk register.

3. Mozambique: National sample-based study to track lost-to-follow up cases on anti-retroviral treatment

HIGH RISK LONG-OVERDUE AMA

GF-OIG-17-006, AMA 1

▶ “The Secretariat and partners will conduct a national, sample-based follow-up study to track and determine the status of lost-to-follow-up cases of people on anti-retroviral treatment in selected sites.”

▶ OWNER: HEAD OF GRANT
MANAGEMENT DEPARTMENT
(MARK EDINGTON)
DUE DATE: 31.12.2018
(1,100+ DAYS OVERDUE)



What progress has been made in closing this AMA?

The implementation of this AMA was affected by partner funding challenges and the COVID-19 pandemic. The methodology for the required study of lost to follow up patients on anti-retroviral treatment (ART) was completed in 2019 and in-country ethical approval obtained in early 2020. The study, which focused on the root causes for the low retention of patients on anti-retroviral treatment, was completed in August 2021.

What remains to be done?

A study into loss to follow-up on ART noted that a response by the Ministry of Health in isolation is insufficient, as it requires a comprehensive effort from other government departments and stakeholders to address patient-related root causes, including socio-economic factors, stigma and discrimination. The Secretariat have discussed the findings from the study, whose outcomes were presented to a multi-stakeholder meeting in February 2022. Further stakeholder engagements are planned to discuss the socio-economic causes of poor retention to inform the key actions to improve ART retention rates in the country.

The low ART retention rate identified in our 2017 audit remains a major barrier to achieving impact. Our 2021 audit indicates that only 68% of people initiated on ART are retained up to 12 months, which translates to 75,000 People Living with HIV defaulting on treatment each month.* This AMA cannot be closed until the roadmap to address the HIV retention in the country is developed, which is expected to happen before the end of 2022. Addressing HIV retention problem in Mozambique will require coordinated effort from all in-country partners.

POTENTIAL LOSS OF IMPACT AND RISKS TO THE ORGANIZATION



Programmatic: Mozambique has the third highest number of people living with HIV in the world.* The inability to keep patients on treatment could reduce the overall outcome and impact of Global Fund investments in the country. Retention of patients on anti-retroviral treatment across Global Fund Portfolios is further threatened by COVID-19. This is linked to HIV *Program Quality* which is rated as *very high* by the Country Team and high in the organizational risk register.



Value for money: Initiating patients on anti-retroviral treatment requires multiple activities that are supported by Global Fund grants. Losing about one third of patients after 12 months of initiation affects the efficiency and effectiveness of grant resources.

4. Pakistan: Undefined roles and responsibilities for grant implementation

HIGH RISK LONG-OVERDUE AMA

GF-OIG-20-012, AMA 4

- ▶ “The Global Fund Secretariat will work with relevant in country partners to devolve implementation of Government grants in Pakistan starting with provinces that meet defined capacity criteria. As part of the devolution process, the Secretariat will:
- > assess the capacity of the provinces to manage Global Fund grants as Principal Recipients;
 - > revise the implementation arrangement as per the outcome of capacity assessment and provincial readiness;
 - > **define the roles and responsibilities of the national level (including the Common Management Unit) and provinces in grant implementation including coordination, and supervision of grant activities.**”

- ▶ OWNER: **HEAD OF GRANT MANAGEMENT (MARK EDINGTON)**
DUE DATE: **31.03.2021**
(**300+ DAYS OVERDUE**)



What progress has been made in closing this AMA?

The Secretariat performed a capacity assessment of Pakistan provinces in Quarter 2 2021, which identified material weaknesses in their capacity to function as Principal Recipients. The Secretariat has decided not to devolve the implementation arrangement due to the weak capacity of the provinces. The provinces are appointed as sub-recipients for the NFM 3 implementation period. The Secretariat will continuously monitor and adapt the implementation arrangement to the operating context.

What remains to be done?

Issues around the lack of supervision, coordination and duplication on activities at central and provincial levels remain unaddressed; these date back to the OIG 2015 audit and were reconfirmed in our 2019 audit. For example, neither the central nor the provincial level supervises the quality of TB services provided in the private sector, due to their roles not being defined. There has been no supervision of HIV services in one of the highest burden provinces. Similar issues were raised by the Technical Review Panel during its review of Pakistan's NFM3 funding application in 2021 which are expected to be addressed during grant implementation. The AMA cannot be closed until the roles and responsibilities for the provinces and central level are defined and implemented. The Secretariat intends to perform risk assessment on the portfolio to inform specific actions to improve supervision coordination and oversight of activities in Pakistan.

POTENTIAL LOSS OF IMPACT AND RISKS TO THE ORGANIZATION



In-country Governance: Undefined roles and responsibilities between the key actors responsible for effective grant implementation increases the risk of inadequate governance, program oversight and coordination of Global Fund grants. In-country governance is rated as *Moderate* by the Country Team and on the organizational risk register.



Programmatic: Lack of oversight and coordination affects program performance and quality of services. Duplication and/or non-performance of grant activities due to lack of clarity on roles and responsibilities also affects grant performance. Program quality risk for TB is rated as *Very high* with an increasing trend, while for HIV it is rated as *High*, with a steady trend.

Annex 1:

OIG Methodology for Classifying and Selecting High-Risk AMAs

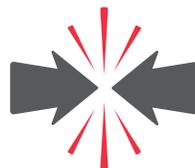
The OIG considers the following factors when considering AMAs to highlight to the AFC/Board:

POTENTIAL LOSS OF IMPACT



RISK

- ▶ How significant is the risk which the AMA addresses?



IMPACT

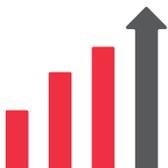
- ▶ Could the issue which the AMA addresses, if realized, have significant impact (programmatic, financial, reputational, etc)?



STRATEGIC IMPORTANCE

- ▶ Does the AMA relate to a significant strategic priority or initiative?

MITIGATING MEASURES



PROGRESS

- ▶ The extent to which the rate of implementation of the AMA has reduced the initial risks identified OR existence of alternative mitigation measures.



CONTEXT

- ▶ Quality of routine updates provided by the Secretariat, including underlying evidence.
- ▶ Secretariat's leverage in addressing the AMA.
- ▶ Continuous relevance of the AMA.