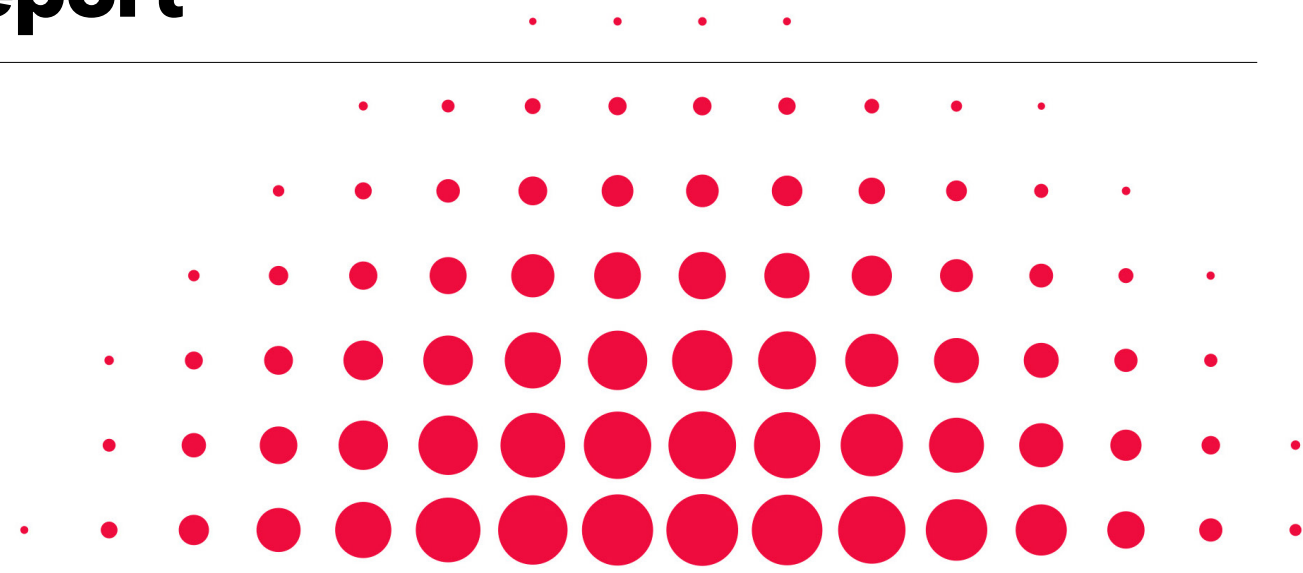


Agreed Management Actions Progress Report

48th Global Fund Board Meeting
15-17 November, 2022

GF/B48/22
For information



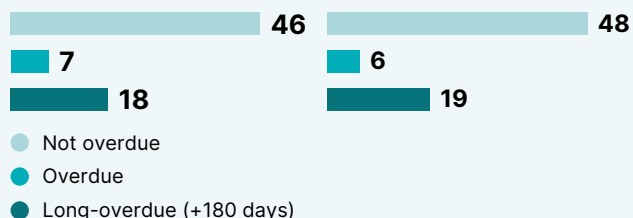
Situation as of 30 September 2022

Open AMAs, Status

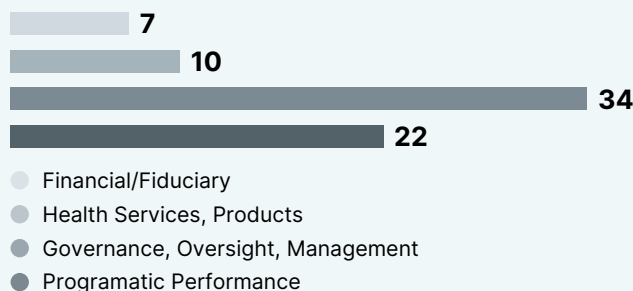
(data updated for November 2022 Board)

May '22: Total of 71

September '22: Total of 73*



Open AMAs, Risk Categories

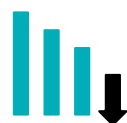


OIG risk rating, long-overdue AMAs**



This report:

- Presents trends in AMA completion
- Analyzes risks posed by high-risk overdue AMAs for Board attention



Progress in addressing AMAs

- The total number of 73 open AMAs* has not changed materially as of September 2022. This is due to the net effect of adding 12 new AMAs from newly finalized OIG reports and the closure of 10 AMAs, mainly by the Grant Management Department.
- The number of overdue AMAs has reduced by 32% between September 2021 and 2022. However, material challenges remain in closing AMAs on-time. Only 18% of AMAs have been closed on-time in the last 2 years against a target of 60%.
- About 34% of open AMAs are overdue as of September 2022. While the COVID-19 pandemic contributed to the Secretariat de-prioritizing some actions, increased attention now can help address the remaining risks. This is particularly important for cross-departmental ethics-related actions and country AMAs in Mozambique, Pakistan, Togo, Liberia, Benin, and South Sudan. These remain in progress after 2 years.



Status of previously prioritized, high-risk AMAs

Two AMAs related to accountabilities for managing and monitoring ethics and integrity risks; and review of the compliance of long-lasting insecticidal nets (LLINs) with Global Fund quality assurance requirements are no longer prioritized because material progress has been made. The AMAs could be closed soon, providing the remaining steps are addressed.

No material progress has been made for the other AMAs previously prioritized for AFC and Board attention. The related risks remain high and are prioritized again for the Committees and Board attention, including:

- Protection from sexual exploitation and abuse, sexual harassment, and related abuse of power (PSEAH): risk assessment and response
- Ethics and integrity risks: Integrity Due Diligence (IDD)
- TANA netting: quality assurance of health products

* For AMA reporting purposes, starting May 2022, open AMAs include those pending validation

** The methodology for AMA rating and selection as high-risk is explained in Annex 1

1. Protection from sexual exploitation and abuse, sexual harassment, and related abuse of power (PSEAH): risk assessment and response

HIGH RISK LONG-OVERDUE AMA

GF-OIG-21-005, Misconduct affecting Global Fund grants, AMA 4

- The Secretariat will assess risk and commence prioritized interventions required for a robust PSEAH operational plan across the portfolio.
- The Secretariat will develop a costed action plan to scale up interventions, to be included as part of the 2022 OPEX submission to the AFC and the Board.
- OWNER: **ETHICS OFFICER (SUSANNE KUEHN)**
DUE DATE: **31.10.2021 (330+ DAYS OVERDUE)**



What progress has been made in closing this AMA?

As indicated in May 2022, the PSEAH Steering Committee has endorsed the PSEAH risk management plan. The four-module plan is designed to focus on the Global Fund's ability to identify and differentiate areas of risk for SEAH (Module I), build and monitor implementer capacity to prevent and respond to SEAH (Modules II and III), and to pilot and embed preventive programmatic interventions at the grant design phase (Module IV). The risks assessments for Module 1, including the related rating scale for each Global Fund country, was completed in September 2022 with other Modules planned for Q4 2022.

A costed action plan to scale-up and embed preventive SEAH interventions in Global Fund programs was developed and will be included as part of the 2023 OPEX submission to the AFC and Board for approval in October/November 2022. This action plan will be refined based on the gaps identified and detailed SEAH interventions from the risk assessment (see below).

What remains to be done?

While the Secretariat is increasing its resources to respond to SEAH, no material change has been made at the country level interventions, despite that the risks remain high.

In order to design and undertake appropriate SEAH risk mitigation measures for high-risk grant activities, the Secretariat needs to assess the capacity of implementers to prevent and respond to SEAH. Where weaknesses are identified, appropriate actions to build capacity will need definition. The timing to conduct the assessments for various countries should be discussed and agreed with Grant Management. Once agreed, capacity assessments will commence to define relevant interventions, prioritized according to risk and capacity.

The Ethics Office anticipates starting the implementer capacity assessments and associated capacity-building support (Module III) in November 2022 to be completed in 2025. Interventions and mitigating actions (under module IV) are expected in several pilot countries in early 2023. This AMA will remain open until the country capacity assessment begins, the operational plan is firmly in place, and prioritized interventions are started.

POTENTIAL LOSS OF IMPACT AND RISKS TO THE ORGANIZATION



Programmatic: If participants feel at risk of exploitation, programs will not achieve desired impact. There is also potential for people to have their human rights exploited to receive services under Global Fund programs. In the organizational risk register, programmatic risk for HIV and malaria is rated as **high** with TB as **very high**.



SEAH and misconduct: Failure to tackle this issue could lead to otherwise avoidable exploitation of beneficiaries. In the organizational risk register, SEAH and misconduct risk is rated as **high** and on an increasing trend.



Reputational: International media are actively reporting on organizations deemed ineffective in tackling sexual exploitation and abuse. Reputational risk in the organizational risk register is rated as **high** on an increasing trend.



Future funding: Donors may withdraw funding from organizations that cannot demonstrate concrete steps to tackle and prevent SEAH. This is related to the Future of Funding risk in the organizational risk register, rated as **moderate** on an increasing trend.

2. Ethics and integrity risks: Integrity Due Diligence (IDD)

HIGH RISK LONG-OVERDUE AMA

GF-OIG-19-016, Managing Ethics and Integrity at the Global Fund, AMA 6

- Complete the roll-out of the Integrity Due Diligence (IDD) project, such that a risk-based approach is applied to all Global Fund counterparties, including implementers and suppliers.
- OWNER: **ETHICS OFFICER (SUSANNE KUEHN)**
DUE DATE: **30.06.2020 (820+ DAYS OVERDUE)**



What progress has been made in closing this AMA?

The Ethics Office has completed a draft Integrity Due Diligence (IDD) approach for the grant implementation level. It is currently in review and discussion with key stakeholders for agreement and implementation, particularly in Grant Management, Risk, Finance and Legal departments.

As of September 2022, the Global Fund's approach to IDD at the grant level has not changed with key gaps in IDD checks for stakeholders across the grant management lifecycle. At present, the Ethics Office performs IDD checks on Principal Recipients at the entity level and on their banks and signatories. In addition, due diligence checks are performed for CCM signatories and LFA entities and teams. However, these checks currently exclude other key staff employed by Principal Recipients where many risks exist as well as Sub-Recipients and suppliers to Principal Recipients. Reactive and enhanced due diligence is also performed on Global Fund counterparties, including Principal Recipients and Sub-Recipients, in response to red flags raised by the Secretariat and Country Teams.

What remains to be done?

Despite the OIG repeatedly prioritizing this AMA, it has remained outstanding for two years. The Secretariat has not agreed an approach for IDD checks required at the grant level. Particularly, the level of IDD checks required for key staff employed by Principal Recipients, Sub-Recipients and suppliers to Principal Recipient's remain outstanding. This reduces the ability of the Secretariat and implementers to understand the ethical and integrity risks from those counter-parties.

To close this AMA, the Secretariat must agree on an IDD approach at the grant level with a robust implementation plan to cover:

1. The appropriate level of IDD checks required for different Global Fund and implementer counterparties at the grant level
2. Clear roles and responsibilities to perform IDD checks and related monitoring between Secretariat departments (e.g., Grant Management, Risk, Finance, and Legal) and implementers

The Ethics Office is in active discussions with the Grant Management Division and other key departments to reach agreement. While the AMA has attracted more attention from the Secretariat in the past few weeks, the OIG does not have confidence that this will be remediated and implemented in the foreseeable future, particularly as this has been outstanding for over 2 years.

POTENTIAL LOSS OF IMPACT AND RISKS TO THE ORGANIZATION



Misconduct: Without clear IDD requirements for implementers, the Secretariat is limited in its ability to identify, monitor, and mitigate ethics and integrity risks. 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 risk register, this risk is linked to SEAH and misconduct risk, rated as **high**.



Future funding: The Global Fund could fall behind peer organizations in terms of impact, risking donor confidence and ultimately funding if it cannot demonstrate it has taken concrete actions to manage 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 are core operations. 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**.

3. TANA Netting: Quality assurance of health products

HIGH RISK LONG-OVERDUE AMA

GF-OIG-21-001, TANA Netting Procurement of Sub-standard Long- Lasting Insecticidal Nets, AMA 4

Based on the findings of the report, the Global Fund Secretariat will formalize:

- 1) guidance for pre-shipment inspection, sampling, and testing of long-lasting insecticidal nets (LLINs)
- 2) guidance for post-market surveillance that covers all LLINs procured through the Global Fund
- 3) internal verification process of LLIN quality control testing practices by Principal Recipients and the PPM procurement agent.

- **OWNER: HEAD OF SUPPLY OPERATIONS (HUI YANG)**
DUE DATE: **31.12.2021**
(270+ DAYS OVERDUE)



What progress has been made in closing this AMA?

Given the Global Fund's material investments in health, and the significant programmatic ramifications of non-quality assured health products, there is a critical need for the Secretariat to prioritize strengthening the framework for the quality assurance of health products from an end-to-end perspective and in a timely manner.

In response to this AMA, the Secretariat has developed draft guidance for pre-shipment sampling, testing, and reporting results as well as guidance for visual inspection. These resources were developed in various consultative processes with internal and external stakeholders. Similarly, draft internal standard operating procedures were developed to monitor compliance with QA policies by Principal Recipients and PPM Procurement Agents.

What remains to be done?

Significant areas to strengthen quality assurance for health products remain outstanding. This issue was first flagged in the [2019 OIG annual report](#) and in the related AMAs from the [TANA Netting Investigation](#). While the AMAs focus on LLIN quality assurance, the underlying risks need to be comprehensively addressed for all health products and medicines financed by the Global Fund.

To close the AMA, the Supply Operations Department needs to develop and disseminate quality assurance guidelines including monitoring plans for post-market surveillance. This action should be linked to and informed by the WHO's forthcoming Guideline for Prequalification of Insecticide Treated Nets (ITNs). This is especially important due to the continued weakness in storage and distribution arrangements across Global Fund portfolios that affect the quality of medicines and health products, ultimately impacting beneficiaries.

Quality assurance is a shared responsibility between the Global Fund, the countries themselves, and relevant technical partners. The post-market guideline should therefore include monitoring responsibilities for all key stakeholders involved in the end-to-end supply chain management. As such, the Supply Operations department is currently working with partners, including WHO, to develop guidelines that include post-market surveillance. This initiative is in part funded by the Global Fund Strategic Initiatives. Quality assurance will also be supported with additional resources committed under the Supply Operations To-Be Operating Model. The Secretariat expects some progress against this action in the first quarter of 2023, despite the complexities involved.

POTENTIAL LOSS OF IMPACT AND RISKS TO THE ORGANIZATION



Quality of Health Product: Poor-quality and incorrect or sub-standard products may cause harm to patients. This is linked to quality of health products risk, rated as **moderate** with steady trend in the organizational risk register.



Programmatic: Substandard products will not be effective in prevention and treatment. For malaria, programmatic risk is rated as **high** on the organizational risk register, with a steady trend.

Annex 1: OIG methodology to classify and select high-risk AMAs

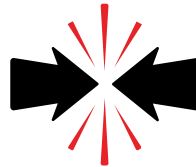
The OIG considers the factors below when considering AMAs to highlight to the AFC and Board.

POTENTIAL LOSS OF IMPACT



RISK

- How significant is the risk that the AMA addresses?



IMPACT

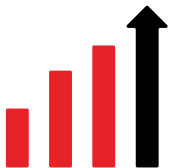
- Could the issue the AMA addresses, if realized, have significant impact (programmatic, financial and reputational)?



STRATEGIC IMPORTANCE

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

MITIGATING MEASURES



PROGRESS

- The extent to which the rate of AMA implementation has reduced the initial risks OR when alternative mitigation measures exist.

QUALITATIVE FACTORS



CONTEXT

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