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Message from the Interim Executive Director - In-Country Assurance

18 December 2017

Countries where the Global Fund invests are challenged not only by epidemics and inadequate health infrastructure, but also by a broad range of other capacity and implementation constraints. Many of these countries are also rated highly in international corruption rankings, and are affected by instability, natural disasters or conflict. The Global Fund does not shy away from the challenge of investing in high-risk environments. Instead, we approach risk strategically and proactively, integrating risk management within the fabric of our key business processes and partnerships, and with a high degree of transparency.

Strong risk management and assurance is fundamental for the effective implementation to achieve lasting impact. Programs supported by the Global Fund have saved more than 22 million lives, with a decline of one-third in the number of people dying from HIV, TB and malaria since 2002. The impact of our investments is clear.

As part of our commitment to constantly improve risk management, we have done extensive work to strengthen the Global Fund's assurance framework, and it has already succeeded in delivering stronger risk oversight across the organization. A critically important part of this work is selecting robust, strategic controls and the right mitigating actions. So is a differentiated approach to assurance in mission-critical countries that allows us to comprehensively review available assurance resources, evaluate trade-offs, and allocate resources based on risk prioritization. Aligning assurance from various providers, including Local Fund Agents and external auditors, is also a constant focus.

In line with the Board's clear directives on zero tolerance for corruption or fraud, we have strongly prioritized financial assurance and have expanded the scope and reliability of assurance options. Risk and Assurance planning exercises are increasingly leveraging new assurance options for supply chain and data quality risks, and assurance plans for all High Impact and selected core portfolios are scheduled for completion in the first half of 2018. Efforts to develop and embed improved risk and assurance processes and tools

(including an assurance handbook) are aimed at selecting robust and costed assurance options covering relevant grant facing risks in a differentiated manner. We are increasing our ability to tailor programmatic assurance in order to leverage existing data, as well as country and partner assurance systems. However, all elements of the Global Fund ecosystem have a role to play in improving assurance, and the Office of the Inspector General correctly notes the lack of a Board approved Risk Appetite framework. The adoption of a framework in 2018 will help standardize risk trade-offs and resource allocations across the portfolio.

We are keenly aware that we need strong independent assurance in many areas, and we are taking extensive actions to make sure our investments are as effective as possible. The OIG's Audit Report on Global Fund In-country Assurance validates our extensive work, recognizing significant improvements. The audit also identifies system-wide issues that are not specific to the Global Fund, and includes recommendations on areas where we can do better, including establishing clear guidance on risk appetite and widening the scope of assurance in procurement, supply chain and programmatic areas – all areas which we are already pursuing.

I want to add that Local Fund Agents remain a central piece of the Global Fund's assurance framework, and also serve as the eyes and ears of country teams. This makes their work in areas such as the Progress Update and Disbursement Request critical and appropriate. LFAs work in multi-functional teams to ensure they can cover the full range of services required. Over the past several years, the Global Fund significantly strengthened LFA management processes to bring value-adding services, stronger controls, improved evaluation and more accurate and accessible data around costs and work plans, leading to better quality and greater cost efficiency. We are continuously reviewing whether LFA service providers deliver value-for-money services and remain competitive, with a systematic LFA Performance Evaluation and Feedback System to track on an annual basis the quality of LFA service delivery and provide feedback to LFAs.

The Global Fund partnership has made extraordinary achievements. Yet there is much more we have to do and we need make every dollar count. Improvements on assurance are one important way to achieve that, and we will continue pursuing them.

Respectfully,
Marijke