Operational Procedures

Country Risk Management

Approved on: 6 November 2023
Approved by: Executive Grant Management Committee
Process Owner: Programmatic Monitoring and Risk Division
Associated OPN: OPN on Country Risk Management

Process Metrics for Country Risk Management

First and second line teams are expected to meet the following key performance indicators:

- *Grant Design and Approval*: % of High Impact and Core portfolios have a completed IRM at the time of GAC approval.
- *Grant Monitoring:* % of country risk signed-off through CRMM and PPC during the year for HI and Core portfolios
- *Grant Monitoring*: % of cumulative Key Mitigating Actions completed that were due to be completed for the reporting period.
- *Grant Monitoring*: % of cumulative Assurance Activities completed that were due to be completed for the reporting period.

Purpose

1. This document provides procedural guidance on how the Global Fund Secretariat ensures risk management across the grant life cycle. The specific grant deliverables set out in these procedures apply to portfolios as stated in the indicative columns.

2. The list of acronyms used in this document is in Annex 1.

Country Risk Management Process Map

A. Funding Request

<table>
<tr><td colspan="5" align="center">1. Design and Review of Funding Requests</td></tr>
<tr>
<th>Outputs</th>
<th>HI & Core</th>
<th>Focused</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
<tr>
<td>1.1 Portfolio Risk Assessment shared with applicant

Summary of the key risks facing the portfolio sourced from IRM related data and shares with the applicant (and other in-country stakeholders as determined appropriate by the CT).</td>
<td>Required</td>
<td>Best Practice</td>
<td>Start of Country Dialogue (to inform Funding Request development by the CCM/RCM)</td>
<td>Prepared by:

• First line – Each relevant specialist within the CT prepares the summary of Risks they are responsible for.

• Second line – Consulted with relevant Risk Specialist and second line oversight functions.

Reviewed and Approved by: FPM (and DFM, if applicable).</td>
</tr>
</table>

2.1 Secretariat Briefing Note (SBN) prepared to support the TRP review. Risk section of SBN completed, highlighting gaps between the Secretariat risk assessment compared to what was submitted by the CCM in the Funding Request, and what the CT is proposing needs to be addressed during grant-making to mitigate the residual risks.	**Best Practice**	▪	Before the start of the TRP review	See [Operational Procedures on Design and Review of Funding Request](#)

3.1 Complete Capacity Assessment	Required	Required		Prepared by:

3.1 Complete Capacity Assessment

Using IRM, complete capacity assessment of new Principal Recipient (PR) or the existing PR undertaking new activities

The following are examples of potential triggers for conducting a capacity assessmen of an existing PR during grant-making:

- Material changes in the scale of the program (e.g., expanding from covering 2 states to 10 states)
- Changes in the scope of the program to include activities for which the PR has not previously been assessed (i.e. community outreach, BCC activities, etc.)
- PRs with specific experience in one disease being selected to manage ar additional disease where they do not have explicit expertise
- PRs with no or limited past experience in specific activities (i.e., procurement of non-health products, procurement, etc.) being tasked to take over such tasks
- PRs with recurrent performance issues.

Required | **Required**

Initiated when the nominated PR has been formally communicated by the CCM, typically in the Funding Request, but potentially outside of that process.

The Capacity Assessment shall be completed prior to the receipt of the TRP recommendations to inform grant-making.

In exceptional cases, where a capacity assessment requires more time, this must be completed as soon as possible during grant-making.

When required, it is included as part of the GAC submission package.

Prepared by:

- LFA conducts a tailored assessment defined by the Country Team in consultation with the relevant Risk Specialist.

First **line review**:

- Finance Specialist reviews the LFA findings and recommendations on financial management and recommends to the FPM (and DFM, if applicable) on the PR capacity in this area. For focused portfolios, the PST Specialist reviews the Capacity Assessment only if the LFA raises major financial management issues (FPM informs PST if this is the case).
- HPM Specialist reviews the LFA findings and recommendations on health product management issues and recommends to the FPM (and DFM if applicable) on the PR capacity in this area.
- Public Health Monitoring and Evaluation (PHME) Specialist reviews the LFA findings and recommendations on M&E and programmatic areas (Program Quality, RSSH, Human Right and Gender Equality) and recommends to the FPM (and DFM if applicable) on PR capacity in this area.
- FPM (or DFM if applicable) reviews the LFA findings and recommendations on governance and health financing, reviews the recommendations of the Country Team Specialists in the other functional areas, and makes a final recommendation in the Capacity Assessment and uploads the final version with the CT recommendation in IRM.

Second line review:

- Risk Specialist (High Impact and Core) reviews and indicates in IRM

		if they are aligned or not aligned on whether the CA is complete and the actions recommended to address the capacity issues identified are adequate.
		• Risk Specialist shall consult with the relevant second line focal point as necessary.
		Approval by:
		FPM shares completed Capacity Assessment by email with RM/DH to accept or reject the nominated PR based on the above.

B. Grant-making

2. Grant-making – Identify Residual Risks, Mitigating Actions and Assurance Activities				
Outputs	**HI & Core**	**Focused**	**Timeline**	**Responsibilities**
Residual risks, mitigating actions and assurance activities defined and captured in the Integrated Risk Management module, including rating of all risks. As a starting point, each CT specialist completes the following elements in IRM for their respective risks: • Risk rating for each grant Sub-risk • Target Risk level and rationale • Risk Summary • Identification of Root Causes and	Required	Not Required	Completion pre-requisite for finalization of Grant-making Final Review Form (GMFRF), Pre-GAC review and submission to GAC.	**Prepared by:** PO or FPM/FPA (Focused) **First line review:** • Finance Specialist validates that finance-related residual risks, mitigating actions and assurance activities have been identified and prioritized. • PST Specialist (Focused) validates only major finance-related residual risks, mitigating actions and assurance activities have been identified and prioritized (if applicable). • PHME Specialist (in consultation with other teams if necessary) validates that M&E and programmatic related residual risks, mitigating actions and assurance activities have been identified and prioritized. • HPM Specialist (in consultation with other teams if necessary) validates that sourcing operations (including in-country supply chain) related residual risks,

Mitigating Actions (as relevant to address the residual risk rating)				mitigating actions and assurance activities have been identified and prioritized.
• Assurance planning at the Risk level for the three years of implementation				• FPM (or DFM if applicable) validates that governance and health-financing related residual risks, mitigating actions and assurance activities have been identified and prioritized.
				• Once the relevant risk assessment has been completed by the Specialists as described above for the relevant grants being submitted to GAC, the FPM (or DFM if applicable) indicates in IRM that the grants are ready for review by the second line.
				Second line review:
				• The relevant second line functional oversight teams provide feedback per Risk area as defined in Annex 3 of the OPN on Country Risk Management (aligned/non-aligned and comments) in IRM on the CT's risk assessment.
				Finalized by:
				• The CT takes into consideration the feedback from the second line, amending IRM as necessary and finalizes the grant-making risk assessment.
				• FPM is responsible for final risk assessment

3. Complete GMFRF				
Outputs	**HI & Core**	**Focused**	**Timeline**	**Responsibilities**
Grant-making Final Review Form (GMFRF) – Risk Section • Capacity Assessment completed when required, and an exception rational included if required but not completed • IRM completed for grants under review, and an exception rationale included if IRM is not completed	Required	Not Required	Pre-requisite for Pre-GAC review and mandatory for submission to GAC .	See Operational Procedures on Make, Approve and Sign Grants

• Rated key residual risks, root causes and mitigating actions captured in Annex 4 of the GMFRF Resources: Grant-making Final Review Form Instructions			

C. Grant Implementation

4. Assurance Planning				
Key Outputs	**HI & Core**	**Focused**	**Timeline**	**Responsibilities**
Assurance plan for the implementation period	Required	Not Required	• Initiated during grant-making, must be documented in IRM within the first three months of the implementation period (best practice to complete during grant-making). • This should be updated prior to the annual Local Fund Agent (LFA) budgeting exercise, in as much as an LFA's scope of work will be directly informed by activities prioritized within the assurance plan.	**Prepared by first line:** • Relevant Country Team Specialist (High Impact and Core) completes strategic assurance planning for their respective risks (see Assurance Activity Guidelines for additional information) • In addition to regular assurance activities, each specialist should plan for Thematic capacity assessments in each of their risk areas (see OPN on Country Risk Management for requirements and Section 5 below for additional details) **Reviewed and Approved by:** • FPM (and DFM, if applicable) validates overall prioritization of Assurance Activities based on the residual risks in the portfolio. • Of note, if completed during grant-making, assurance planning would be validated by Risk and relevant second line during the grant-making review. If done after grant-making, assurance plan would be validated by Risk and second line during quarterly reviews (see Section 6 below).

5. Ongoing Risk Management and Assurance				
Key Outputs	**HI & Core**	**Focused**	**Timeline**	**Responsibilities**

Updated IRM	Required	Not Required	Ongoing throughout grant implementation	Prepared by first line:
1. As part of risk identification, CTs must also carry out Risk Assessments at the grant level and update[1] IRM as information becomes available to CTs throughout the grant lifecycle. IRM should be updated as follows: i. when mitigating actions or assurance activities are completed or revised; ii. when a material new risk or root cause is identified; iii. when risk levels or implementation arrangements shift; iv. or whenever the CT recognizes an important change in the grant's risk profile. When updating IRM, in cases where mitigating actions have due dates of more than twelve months, interim milestones are recommended to be included to facilitate monitoring the progress, and ensure they are on track to being completed on time and to an acceptable level.				Relevant CT Specialist, FPM (or DFM if applicable) or PO (High Impact and Core) updates IRM for their respective risks. **Reviewed by first line:** • Any changes made to IRM will be summarized in an email notification to the entire CT at the end of each business day and captured in the change log of IRM. • If any member of the CT disagrees with changes made to IRM they should escalate to next management level. • FPM is responsible for final risk assessment.

6. Thematic Capacity Assessment				
Key Outputs	**HI & Core**	**Focused**	**Timeline**	**Responsibilities**

---

[1] This can be informed by changes to the country context, updates received from progress reports, assurance and audit reports, mission reports, or other sources of information.

	Best Practice	Not Required		
Thematic Capacity Assessment **For continuing PRs:** A risk-based thematic capacity assessment review of core implementation capacities may be conducted for those prioritized risks rated High or Very High where better understanding of challenges in capacity would help unblock implementation. A thematic capacity assessment may be initiated by the CT or by the PPC Co-Chairs and may assess (1) implementation and effectiveness of existing processes, procedures, and controls; (2) the impact of mitigating actions and systems strengthening investments on the residual risk; or (iii) identify any emerging risks.	Best Practice	Not Required	As needed to be initiated by the CT or PPC Co-Chairs	**Planned by first line:** • Once decided to be undertaken, the FPM (and DFM where applicable) should take the lead in planning the thematic assessments • CT Specialists, second line Functions will advise the FPM on scope and timing based on other planned activities in their risk area. **Prepared by first line:** • Each CT Specialist, FPM (or DFM where applicable) or PO tailors the thematic assessment for the PR being assessed. **Completed by:** • LFA (or other third party if deemed necessary/appropriate) conducts the assessment • The relevant CT Specialist or PO reviews the assessment done by the LFA in their particular area and completes the CT elements of the assessment template. • FPM submits the final version of the thematic CA in IRM for review. **Second line review:** • Risk Specialist (High Impact and Core) reviews and indicates in IRM if they are aligned or not aligned on whether the Thematic CA is complete and the actions recommended to address the capacity issues identified are adequate. • Risk Specialist shall consult with the relevant second line focal point as necessary. **Approval by:** FPM shares completed Thematic Capacity Assessment by email with RM/DH

7. Quarterly IRM Review (Second Line)			
Key Outputs	**HI & Core**	**Focused**	**Timeline**	**Responsibilities**

Quarterly review of updates in IRM by second line oversight functions
 	
- Changes made by the CT to IRM that meet certain thresholds trigger notifications on a quarterly basis to Risk Specialists and second line focal points.
- The triggers are:
  o Changed sub-risk ratings that resulted in a change to a risk rating
  o Changed a Target Risk Rating level
  o Added or removed a Key Mitigating Action or an Assurance Activity
  o If the status of an existing Key Mitigating Action or Assurance Activity changes
  o Completed a PR capacity assessment
	Required	**Not Required**	First day of each quarter a notification is sent to second line focal points (auto-generated by GOS).	**Second line review:**
				
				• Risk Specialist and relevant second line focal points[2] indicate whether they are aligned or not-aligned with changes made by the CT and leave a comment justifying their position (only mandatory if non-aligned).
				
				Finalized by first line:
				
				• CT Specialists, POs and FPMs (or DFM if applicable) take into consideration the feedback provided in IRM on their risks and update the risk assessment if in agreement.
				• If there is a material difference of opinion, the issue can be escalated to the next management level.

---

[2] Second line focal points are captured in the IRM Admin Module and verified with the relevant second line function on a regular basis. Focal points are defined at the Risk level per country. Only the relevant focal point is notified of the changes when a threshold is met that triggers the notification. Only the focal point can indicate in IRM if they are aligned or not aligned and leave a comment.

8. PR Reporting				
Key Outputs	**HI & Core**	**Focused**	**Timeline**	**Responsibilities**
PR Reporting PR reporting is an opportunity for CTs to get an update on the status of MAs and KMAs assigned to PRs. KMAs assigned to PRs, SRs, and 3rd Parties are automatically added to the PU and PUDR for update by the PR and LFA MAs can be manually added by the CT before the PU or PUDR is extracted.	Required	Not Required	See Operational Procedures on Oversee Implementation and Monitor Performance	See Operational Procedures on Oversee Implementation and Monitor Performance

10. Annual Funding Decision				
Key Outputs	**HI & Core**	**Focused**	**Timeline**	**Responsibilities**
Updated Risk section of the AFD AFDs an opportunity to take stock of the status of prioritized risks and the effectiveness of mitigants put in place to address them based on the outcomes of assurance activities.	Required	Not Required	Following CT review of the PU/DR	See Operational Procedures on Annual Funding Decision and Disbursements

A grant's Key Mitigating Actions are automatically added to ADMFs. Other mitigating actions are reviewed and selected, as necessary, to capture them in the ADMF for the 2nd and 3rd AFD and supplementary funding decision.[3] If there are any adjustments to be made, this is done in the IRM module prior to finalizing the AFD process.				

11. Country Risk Management Memorandum (CRMM)				
Key Outputs	**HI & Core**	**Focused**	**Timeline**	**Responsibilities**
Approval of the annual CRMM.	Required	Not Required	Annual requirement, typically on the anniversary of the previous year's approval unless portfolio milestones benefit from alternative timelines (i.e. OIG audit)	**Planned by first line:** • FPM schedules the month the CT will complete the CRMM in discussion with their SFPM, Cluster Lead (CL) if applicable, Regional Manager or Department Head and Risk Specialist, taking into considerations portfolio milestones (i.e. OIG audit, if they have been scheduled for a Country Portfolio Review at PPC, etc.). **Prepared by first line:** • Relevant Technical Specialists (High Impact and Core) updates their respective risk areas in IRM, including the risk ratings, target risk and rationale, risk statement, root causes, mitigating actions and assurance activities. • FPM (or DFM if applicable) reviews overall completeness, quality and accuracy and

---

[3] 1st AFDs that are processed more than 30 days after the approval of the Purchase Order are also reviewed by Risk.

				submits the CRMM for review and approval in IRM.
				First line review:
				• First line Managers (SFPM, CL (if applicable), M&E (if applicable), Finance and HPM) review and provide their alignment or non-alignment and comments in IRM on all aspects of the risk assessment in their respective risk areas.
				Second line review:
				• Second line functional teams and Risk Specialist review and provide their alignment or non-alignment and comments in IRM on all aspects of the risk assessment in their respective risk areas.
				• CT Specialists take into consideration the feedback provided in IRM on their risks and update the risk assessment if in agreement.
				• FPM submits CRMM for approval and can include a rationale for how the feedback from the first and second line review was incorporated into the final version of the CRMM.
				Recommended by:
				• The RM/DH and Head, CRM review and recommend or reject the CRMM and provide comments as necessary.
				Approved by:
				• The Head, GMD and CRO review and approve or reject the CRMM.
				Monitored by:
				• The Risk Department monitors whether all required portfolios which need to have CRMM have been completed.

12. Grant Revision				
Key Outputs	**HI & Core**	**Focused**	**Timeline**	**Responsibilities**
Update of IRM following Material[4] Programmatic Revisions - Grant Revision requests are opportunities to assess progress to manage key risks during grant implementation and determine if programmatic and budgetary adjustments are needed to support new or amended mitigating actions.	Required	Not Required	During CT review and before CT finalizes the revision.	**Prepared by first line:** • Relevant Technical Specialist (High Impact and Core) reviews IRM to determine if an update to the risk assessment in their risk areas is required because of the material reprogramming. **Second line review:** • The relevant Risk Specialist is consulted on the material revision and reviews the update in IRM (if an update is required).

D. Closure

13. Close Grants in IRM				
Key Outputs	**HI & Core**	**Focused**	**Timeline**	**Responsibilities**
Close Grants in IRM: Key Mitigating Actions (KMAs) and Assurance Activities are	Yes	Not Required	Once the final PU and External Audit report are received for a grant.	**Prepared by first line:** • Once an IP has ended for a grant, the relevant CT Technical Specialist (High Impact and Core) reviews KMAs and Assurance Activities and ensures they

---

[4] Programmatic revisions requiring TRP review

				are set to status Met or Deleted, or have a new timeline and status assigned based on a new grant they have been added to in a new IP.
closed at the end of an IP or transferred to grant continuing in the next IP (if applicable).				• Once this has been done for all risk areas, the FPM (or DFM if applicable) informs the relevant Risk Specialist the grant is ready to be reviewed. **Second line review:** • The relevant Risk Specialist confirms the KMAs and Assurance Activities have been appropriately closed or transferred and "closes" the grant in IRM, removing it from the list of grants showing within the Geography. • Risk Specialist shall consult with the relevant second line focal point as necessary.

E. Monitoring and Reporting

The Risk Department will be undertaking process monitoring and reporting focusing on the items listed in this table:

Item	Monitoring
Grant Design and Approval: Completed Capacity Assessment	All portfolios have a completed a capacity assessment when required at the time of GAC approval.
Grant Design and Approval: Completed Risk Assessment	High Impact and Core portfolios have a completed IRM at the time of GAC approval.
Ongoing risk management: Annual CRMM Completed	All High Impact and Core portfolios have a CRMM approved annually by the agreed timeline.
Ongoing risk management: Completion of KMAs	Key Mitigating Actions completed that were due to be completed for the reporting period.
Ongoing risk management: Completion of Assurance Activities	Assurance Activities completed that were due to be completed for the reporting period.
Closure	Completion of grant closure process in IRM that were due to be completed for the reporting period.

Annex 1. Acronyms

- **FPM:** Fund Portfolio Manager (including Senior FPM and Country Portfolio Manager)
- **DFM:** Disease Fund Manager
- **PO:** Program Officer for High Impact & Core Portfolios (including Senior PO)
- **FPA:** Fund Portfolio Assistant for High Impact & Core portfolios (including Senior FPA) or Fund Portfolio Analyst for Focused portfolios
- **PHME Specialist:** Public Health and Monitoring & Evaluation Specialist
- **HPM Specialist:** Health Product Management Specialist
- **PST Specialist:** Specialist in the Portfolio Services Team of Program Finance for Focused portfolios
- **LFA:** Local Fund Agent
- **TRP:** Technical Review Panel
- **GAC:** Grant Approval Committee
- **CRMM:** Country Risk Management Memorandum
- **PPC:** Portfolio Performance Committee

- **KIM:** Key Issues Meeting
- **KMA:** Key Mitigating Action
- **CL:** Senior Fund Portfolio Manager, Cluster Lead
- **RM:** Regional Manager
- **DH:** Department Head for relevant High Impact Department
- **CT:** Country Team (comprises: FPM, PO, FPA, Finance/PST Specialist, PHME Specialist, HPM Specialists, Legal Counsel)
- **PR:** Principal Recipient
- **CCM:** Country Coordinating Mechanism
- **TAP:** Technical Advice and Partnerships Department
- **GFM:** Grant Finance Manager
- **MECA:** Monitoring Evaluation & Country Analysis Team
- **AFD:** Annual Funding Decision
- **ADMF:** Annual Decision-Making Form
- **IRM:** Integrated Risk Management (module in GOS)
- **IP:** Implementation Period
- **SR:** Sub-recipient

Key Operational Policies:

- [OPN on Country Risk Management](#)
- OPN on Design and Review of Funding Requests (for 2023-2025 allocation period)
- Operational Procedures on Design and Review of Funding Requests (for 2023-2025 allocation period)
- OPN on Make, Approve and Sign Grants (for 2020-2022 allocation period onwards)
- Operational Procedures on Make, Approve and Sign Grants (for 2020-2022 allocation period onwards)
- OPN on Oversee Implementation and Monitor Performance
- Operational Procedures on Oversee Implementation and Monitor Performance
- OPN on Annual Funding Decisions and Disbursements
- Operational Procedures on Annual Funding Decisions and Disbursements
- [OPN on Grant Revisions](#)