

41st Board Meeting

Risk Management Report and the Chief Risk Officer's Annual Opinion

GF/B41/15

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Board Information

Purpose of the paper: To provide the Board with an updated report on risk management and the Chief Risk Officer's Annual Opinion.

Executive Summary

Introduction and context

1. The Global Fund supports programs to fight HIV, TB and malaria across the globe, often in challenging countries where the context contributes to high risk environments. Despite the inherent risks involved, the Global Fund continues to invest successfully.
2. The Global Fund's focus in 2018 was primarily on grant implementation alongside preparations for the Sixth Replenishment.
3. 2018 also saw significant change in the Global Fund's leadership profile. The new Executive Director took up post in March and the Secretariat also welcomed five new members of the Management Executive Committee.
4. The Secretariat continued to advance the maturity of its risk management, internal controls and governance. The focus since mid-2018 has been on deriving value from investment and changes made to date, and on renewing momentum in areas where progress has been slower than planned.

Report structure and focus

5. The areas covered by this Report are:
 - i. Thematic risks and the status of the overall risk profile. This section covers:
 - Grant-related risks focused on impact, which are particularly relevant and timely as the Global Fund focuses on grant implementation. In this section, risks in relation to the following thematic areas are discussed: Program Quality; In-Country Supply Chain; Quality of Health Products; Human Rights & Gender Inequality; and Transition. Clear risk management strategies are in place for each of these risks. However, all of these risks are complex and require sustained focus over the medium to long term. Since the last Risk Report to the Board (GF/B40/16, November 2018) some progress has been made in translating the results of in-country supply chain diagnostics into the execution of transformations. This increase in momentum now needs to be sustained.
 - Non-grant related risks, which have the potential to negatively impact management of Secretariat and Global Fund operations. The risks discussed here are: Future Funding, Governance & Oversight, Internal Operations and Workforce Capacity, Efficiency & Wellbeing. These risks are receiving appropriate levels of attention but must continue to be prioritized to ensure the organization is best positioned to deliver on its objectives.
 - Status of the overall risk profile and risk levels relative to Board approved risk appetite (GF/B39/DP11). This section provides an overview of the overall risk profile of the organization, including risk levels relative to risk appetite with a particular focus on the three risks with a current risk level that exceeds the target level set by the Board: Program Quality; M&E Systems, Data Availability, Quality & Use; and In-Country Supply Chain.
 - ii. Progress in implementation of key Secretariat initiatives. Highlights include: continuous improvement of Portfolio Performance Committee reviews; operationalization and bedding-in of the Risk Appetite Framework; roll out of the Integrated Risk Management module; and implementation of the Performance and Accountability Framework.

- iii. Chief Risk Officer's Annual Opinion including progress in reaching an 'Embedded' state for risk management, internal controls and governance. Significant progress has been made in 2018 and the organization is well placed to reach 'Embedded' by late 2019.

Conclusion

6. Through a consistent focus on, and commitment to, strengthening risk management within the Secretariat and at country-level, we have seen measurable improvements in the organization's risk profile over time and steady advancement in the Global Fund's maturity in relation to risk management, internal controls and governance. Despite the progress that has been made there is more to be done and the Secretariat rightly continues to prioritize mitigation of key risks.

Input Sought

7. This Report constitutes the Secretariat's annual update on risk management and the risk profile of the organization, and the Chief Risk Officer's Annual Opinion. The Report is provided for information to the standing committees of the Board.

Input Received

8. The Report has been shared with all three committees before being submitted to the Board and was discussed as an agenda item at the 9th Audit and Finance Committee and the Strategy Committee meetings in March 2019. The Committees welcomed the progress that has been made and raised specific points, addressed in the Report, for discussion.

Report

I. Introduction

9. The Global Fund supports programs to fight HIV, TB and malaria in over 100 countries, working with a wide range of partners, in-country, regionally and globally. Since its inception in 2002 the Global Fund has played a critical role in the fight against the three diseases. As at the end of 2017 health programs supported by the Global Fund partnership have saved 27 million lives.
10. Despite the progress that has been made, there is much still to be done to win the fight against the three diseases and end the epidemics. Furthermore, many of the countries facing the greatest challenges are ones in which health structures are weak, and political and socio-economic factors, contribute to high risk environments. Delivering on our 2017-2022 Strategy, therefore, necessitates both accepting operational risks over sustained periods of time, but also balancing continuity of service delivery with the need to scale-up and innovate.
11. A number of the risks highlighted in this report, particularly the grant-related risks focused on impact, have been discussed in previous reports. This is a reflection of their systemic and complex nature and the fact that mitigation involves multiple years of investment, ongoing partner collaboration and political will.
12. As always, the continued guidance and leadership of the Board and its committees remains critical in working with the Secretariat to navigate the risks and challenges it faces as we work to deliver on the 2017-2022 Strategy.

II. Organizational context and key developments in 2018

13. The Global Fund's focus in 2018 was primarily on grant implementation. Implementers, supported by the Global Fund and partners, have been working to ensure grant design translates into effective programs and ultimately, impact. Through robust interventions and ambitious targets, Global Fund investments aim to scale up diagnosis and treatment services, reduce human rights and gender related barriers to health services, and strengthen health systems, thereby reducing the incidence, prevalence and mortality attributable to the diseases. Delivering on this agenda translates into over 300 active grants as at the end of February 2019 with a total grant signed amount of USD 10.9 billion.
14. Another key area of focus for the organization in 2018 has been on preparation for the Sixth Replenishment in 2019. Good progress has been made. France was secured as host for the Sixth Replenishment Pledging Conference in October 2019, the Investment Case was launched in January with a replenishment target of USD 14 billion, and India hosted the Preparatory Meeting in February. Despite these strong foundations the size of the challenge in meeting the target for this Sixth Replenishment should not be underestimated. The global political climate is volatile and there are competing pressures on overseas development assistance (ODA).
15. During 2018 the Global Fund has also seen significant change to its leadership profile. The new Executive Director transitioned into post, setting a clear and positive tone from the outset on the

importance of robust processes, risk management and internal controls. In addition, five new members of the Management Executive Committee also transitioned into post.

16. The Secretariat continues to advance the maturity of its risk management, internal controls and governance. This builds on strong foundations laid over the past few years, including strengthening grant management policies and processes, integrating risk management into the grant life cycle and ensuring an enhanced focus on internal controls across the business. The focus since mid-2018 has been on deriving value from investment and changes made to date and on renewing momentum in areas where progress has been slower than planned.

III. Thematic risks and status of the overall risk profile

Grant related risks focused on impact

17. This section highlights a number of key risks from the Organizational Risk Register that are particularly relevant and timely in 2018 and 2019 as the Global Fund focuses on grant implementation. There has already been considerable investment to mitigate each of these risks, and significant progress has been made in a number of key areas. Nevertheless, their effective mitigation requires action over the medium to long term.

Program Quality

18. Program quality continues to be central to achieving impact: well-designed programs are how we ensure we effectively prevent and reach, treat and retain people on treatment. Program quality is also one of the most dynamic risks, evolving over time. Drug and insecticide resistance is a key factor driving the Program Quality risk and one which had been seeing an upward direction of travel. Drug-resistant TB now represents one-third of global deaths from anti-microbial resistance (AMR); the threat of mosquito resistance to insecticides is increasing; and, despite the successes of the last decade, HIV drug resistance (HIVDR) is also likely to increase. Other key drivers include weaknesses in HIV diagnosis, human resources for health capacity, and a need for improved integration of service delivery. Malaria resurgence is also a factor, with resurgence being seen in high burden countries after 10 years of decline.
19. Despite the challenges good progress has been made in 2018. Key actions taken to mitigate the Program Quality risk include:
 - i. Technical assistance and support for the development of differentiated testing strategies and strengthening of testing quality;
 - ii. Support for country programs to strengthen integrated service delivery for HIV, TB, Malaria and reproductive, maternal, newborn, child and adolescent health (RMNCAH);
 - iii. Successful investment of USD 115 million in catalytic funding in 13 priority countries to find TB 'missing' cases, with an additional 450,000 cases found in 2018 in the six highest burden countries;
 - iv. Support for countries to make the transition to new MDR-TB regimens. Advocacy work has also been initiated, working with the Sourcing team, on market shaping, to help bring down the costs of the new drugs;
 - v. Technical support for countries through the Green Light Committee, working with WHO, to scale-up programmatic management of drug-resistant TB and implement improvements in quality of services;
 - vi. Investment of USD 35 million in catalytic funding to support market entry of new Long Lasting Insecticide Nets (LLINs) through pilots in a number of high burden countries in

- Western Africa which have intense pyrethroid insecticide resistance. Deployment of the first new nets is on track for Q2 2019;
- vii. Support for malaria programs in the Greater Mekong sub-region (GMS), through grant and catalytic funding, working toward malaria elimination in the region and minimizing the impact of resistance; and
 - viii. Implementation of the new Global Action Plan on HIV Drug Resistance (2017-2021) developed under the leadership of WHO.
20. Looking forward a primary area of focus must continue to be supporting the global health effort to tackle AMR. As already highlighted MDR-TB is a primary driver of AMR and there is a large pool of existing MDR-TB patients that need to be identified: only 25% of the estimated MDR-TB cases are diagnosed and treated. Continued prioritization of finding missing TB cases and retaining patients on treatment, especially in transitioning countries, is therefore key.
 21. The Global Fund continues to appropriately prioritize improving program quality. This is evidenced by strong programmatic results and the reports of the Office of the Inspector General (OIG). However, this is an extremely complex area. The root causes driving the risk are often systemic, characterized by complex inter-dependencies, and in many cases largely outside the Global Fund's control. Reducing the risk level requires in-country capacity building, which will include strategically investing in human resources for health and, therefore, sustained investments over the long term, in collaboration with partners.

In-Country Supply Chain

22. Over 40% of grant funds are allocated to health commodities. One of the biggest risks the organization faces in ensuring this investment has the intended impact is the risk of disruption to in-country supply chains. Factors which can drive supply chain disruption include: insufficient in-country capacity, oversight, accountability and leadership; lack of data to support quantification and forecast accuracy; and inadequate facility and storage capacity, logistics planning and inventory management.
23. Over the course of 2018, critical work has taken place to refine and operationalize the Secretariat's systems and approaches to respond to the In-Country Supply Chain (ICSC) risk. Simultaneously, grant-funded efforts to address specific supply chain risks at the country level are ongoing and have resulted in notable improvements in a number of countries.
24. The Supply Chain Diagnostics and Transformation initiative remains a core element of the overall strategy to address the In-Country Supply Chain risk. Diagnostic assessments were either in progress or completed for nineteen countries by the end of 2018. Momentum to roll out transformation projects has also increased, with a number of countries having now started implementation of transformation activities.
25. A group of six "Key Priority" and ten "Support" countries have been identified to better differentiate country engagement. In 2019 the majority of SSC Department engagement will focus on the Key Priority countries, and in particular engaging external stakeholders rallying national investments and deploying grant and catalytic funding to drive transformations. Detailed improvement plan road maps have been developed to guide efforts in all Key Priority countries, with execution to be jointly overseen by the Supply Chain & Sourcing (SSC) Department and the Grant Management Division (GMD).
26. Changes are also being made to improve internal alignment within the Secretariat, including redesigning the interface between the SSC Department and Health Product Management (HPM)

Specialists. Collaboration will be designed around the achievement of shared performance targets in the defined Key Priority and Support countries.

27. The progress that the Secretariat is making to prioritize and restructure its resources in this area is a positive development. The fact that the results of diagnostics are now starting to translate into transformation execution is also a welcome step forward. The In-Country Supply Chain risk continues to receive the appropriate level of senior management attention. The priority throughout 2019 is to further increase and sustain the momentum achieved in the fourth quarter of 2018.

Quality of Health Products

28. The risk of poor quality health products is driven by a number of root causes, including weaknesses in national regulatory systems; procurement of substandard health products; weak supply chain systems that control, monitor and maintain product quality throughout the in-country supply chain; weaknesses in downstream in-country quality assurance mechanisms/testing; and poor dispensing practices.
29. One of the key mitigations for the Quality of Health Products risk is standard WHO quality assurance mechanisms/regulations applicable to grant-financed products. Another key mitigation is procurement through the Pooled Procurement Mechanism (PPM) and international procurement agents. Together these channels account for 80% of the procurement financed through Global Fund investments. The third primary mitigation is funding for quality assurance controls and processes through grants.
30. In 2018, all High Impact and Core countries assessed the scope and impact of product quality risks. This work confirmed weaknesses in the in-country regulatory systems, tasked with ensuring product quality after delivery, as a key risk driver. At the same time it also highlighted that many grants fund quality assurance controls and processes specific to grant-financed products, in order to compensate for this underlying issue. While grants cannot fill all country-level gaps, grant-financed quality assurance, and product quality testing in particular, represents an effective mitigation. This investment, in combination with the mitigations highlighted in the preceding paragraph, has led to a reduction in the residual risk level from moderate to moderate-low. Quality assurance controls and processes funded through grants include:
 - i. Product quality sampling and testing at various points along the in-country supply chain; and
 - ii. System strengthening activities, providing tools and guidelines for use by procurement agencies and regulatory bodies, facilitating access to technical assistance and building implementer and national lab capacity in quality assurance and quality control.
31. In 2019 a key focus area for the Secretariat will be leveraging catalytic funding to expand access to technical assistance, with particular focus on pharmacovigilance, market surveillance and registration, working in close cooperation with technical partners such as WHO.
32. As already highlighted grant-funded mechanisms to compensate for regulatory weaknesses at the country level are being successfully implemented, with the risk level decreasing as a result. Nonetheless, continued focus is required to ensure more consistent application of this as a mitigation strategy across portfolios. Planned actions include strengthening oversight and enforcement of the Global Fund's quality assurance policies. Reorganization of the SSC Department has also provided an opportunity to formalize the Secretariat's quality assurance mandate and establish a clearer view on accountabilities.

Fraud & Fiduciary

33. The nature of the Global Fund's business model, and the challenging operating environments in which we invest, mean that there is an inherently high risk of fraud and financial mismanagement. This risk can be driven by corruption, weaknesses in the fraud risk management policies and procedures of implementers, and their capacity to implement and monitor appropriate controls. In response, a range of different mitigations and controls have been introduced at Secretariat and country levels over recent years to bring the risk level down. These mitigations include the introduction of fiscal and fiduciary agents, strengthened oversight and assurance, in particular financial assurance provided by Local Fund Agents and external audits, and the engagement of strong implementers such as multi-lateral organizations. While the potential for collusion is difficult to protect against, these mitigations have nonetheless reduced the Fraud & Fiduciary risk level to moderate.
34. In 2017 a Financial Control Environment Review was conducted and as a result a number of recommendations were made for further strengthening the financial risk management approach. The focus in 2018 was on responding to these recommendations through:
- i. Introduction of a requirement that fiscal agent teams must include a fraud specialist and the establishment of a fraud risk management framework for prevention and detection of PR level fraud;
 - ii. Pre-qualification and selection of fraud consultants by the Secretariat that can be deployed on grants to help implement various services in relation to fraud management. Consultants have already been used resulting in positive implementer feedback on the value-add of the service;
 - iii. Development of anti-fraud risk management guidelines, which provide more specific tools and guidance to country teams on how to manage fraud risk; and
 - iv. Revision of audit guidelines to expand the scope of assurance engagements to include fraud and forensic audits / review.
35. Moving forward there needs to be a focus on ensuring that the strengthened requirements introduced for fiscal and fiduciary agents are rolled out and that fraud consultants are used to perform fraud risk assessments at the implementer level.
36. Overall, the Secretariat has established an effective model and infrastructure for managing the risk of fraud and financial mismanagement. However, the inherent risk level will remain high until there is a more fundamental shift in the operating culture in-country. The Global Fund will continue to encounter implementer and supplier fraud, including within organizations that should represent a lower risk option. We, therefore, need to remain nimble in how we respond to this risk and emerging issues. This includes reviewing assurance arrangements with international non-governmental organizations, overseeing implementation of any required revisions, supporting countries to build in-country capacity, and also continuing to strengthen our own internal business process controls.

Human Rights & Gender Inequality

37. Key and vulnerable populations continue to face significant barriers in accessing health services. Until these barriers are addressed ending the epidemics will remain out of reach. To this end the Global Fund has adopted tackling human rights and gender related barriers to services as a strategic priority in the 2017-2022 Strategy.
38. Key actions that have been taken to mitigate the Human Rights & Gender Inequality risk in 2018 include:

- i. Increased investment in programs to reduce human rights related barriers to services, with a particular focus on Middle Income Countries (MICs), leading to a four-fold and nine-fold increase in investment in the context of HIV and TB respectively since the last allocation period;
 - ii. Provision of intensive support in twenty countries to comprehensively address human rights related barriers and increase country ownership and commitment to long-term action;
 - iii. Mobilization of external private sector financing and innovative partnerships with the private sector, foundations and others to facilitate meaningful engagement of adolescent girls and young women in program and policy design, and implement comprehensive multi-sectoral programs, including through the launch of the HER (HIV Epidemic Response) Voice Fund;
 - iv. Mobilization and coordination of technical assistance, particularly to civil society implementers, to support the implementation of programs to reduce human rights related barriers to services, and quality implementation of adolescent girls and young women (AGYW) focused grants; and
 - v. Work with Stop TB and Roll Back Malaria to launch and implement tools that support countries to document and analyze the human rights, gender and community related barriers to key TB and malaria services and develop program targets accordingly. Tools include the Goals Model, the Stop TB gender assessments and the Malaria Matchbox tool.
39. Despite the positive steps that have been taken significant challenges remain. Maintaining organizational focus on these issues in combination with continued collaboration with partners is critical. This includes developing organizational alignment on how best to make the transition from a project based approach to addressing human rights and gender related barriers, to mainstreaming into our core processes human rights and gender responsive programming. The Secretariat's focus on strengthening business processes, improving cross-functional working and driving accountability through the implementation of the Performance and Accountability Framework represents a key opportunity, which the organization is leveraging.

Transition

40. There is an ongoing risk that transition components may struggle to successfully sustain current or required coverage levels when they transition to full domestic financing and program implementation. In recognition, the Board approved the Sustainability, Transition and Co-financing (STC) Policy in mid-2016 and its operationalization has since been a priority, particularly with respect to transition. Key progress made to date includes:
- i. Transition considerations are now more systematically included in the funding request and grant development / grant-making stages of the grant life cycle;
 - ii. The Secretariat is working closely with partners and countries to proactively strengthen and promote transition planning, including the implementation of Transition Readiness Assessments (TRA) or equivalents. More than 30 TRAs or TRA equivalents, covering approximately 55 disease components, have already been completed in collaboration with country stakeholders and partners;
 - iii. The Sustainability, Transition and Efficiency Strategic Initiative is in place, which includes approximately USD 4.3 million in specific activities to support countries with transition planning, capacity building and technical assistance; and
 - iv. Through Secretariat engagement and funding request development the vast majority of countries are complying with minimum co-financing and previous willingness to pay commitments.
41. Despite the progress that has been made, the influence of the Global Fund on aspects of transition, particularly those related to political will, continues to be limited. For this reason the transition

risk will continue to be high and must also continue to be prioritized through grant implementation, and during preparations for the new allocation cycle. It is also important to note, however, that as a result of the Global Fund's Eligibility Policy, transition components represent less than 1% of Global Fund financing and less than 1% of the global disease burden for each of the three diseases.

42. Key areas of focus looking forward include:

- i. Ensuring realization of domestic co-financing commitments to support key strategic areas, including financing for services for key and vulnerable populations;
- ii. Ensuring current and future grants continue to address key challenges identified in TRAs, equivalents, and transition work-plans, as well as innovative and smart grant design to foster greater sustainability;
- iii. Ensuring the Secretariat continues to foster early planning across the portfolio even for components multiple allocation cycles away from transitioning, including using transition work-plans and sustainability plans developed in 2017-2019 to inform future funding requests; and
- iv. Taking a proactive approach to addressing a number of specific transition challenges, including the sustainability of interventions for key populations and supporting countries to address the risks related to the domestic procurement of quality-assured health products. With respect to domestic procurement there are a number of ways the Secretariat can positively impact these challenges, including: providing technical assistance to address specific barriers and strengthen health product capacity and governance via grants; leveraging Country Team engagement to promote early planning and use of pooled procurement mechanisms; and continued implementation of Wambo.

Balancing fiduciary risk and programmatic impact

43. The Global Fund initially prioritized the mitigation of fiduciary risk because of zero tolerance for fraud and financial mismanagement, the prominence and level of interest in the issue, and the potential impact in terms of reputational risk. The organization's approach to mitigating the risk was to identify and implement a series of controls, including introduction of fiscal agents and increased financial assurance. However, an adverse consequence, in some cases, has been increased barriers to achieving programmatic impact, exacerbated by the absence of an expressed and agreed upon risk appetite framework and a corresponding reluctance to take higher financial risk, where appropriate, to deliver results.
44. As the organization's risk management maturity has evolved, risk management and assurance approaches have increasingly been tailored to respond to complex programs and environments. A key catalyst has been the approval and operationalization of the Risk Appetite Framework, which enables the Secretariat to more objectively balance financial and programmatic assurance by providing a structured framework through which the Secretariat can take informed decisions. Examples include; tailoring of net distribution approaches and adjustment of verification means, to better accommodate specific operational challenges; and, increased flexibilities around implementation in Challenging Operating Environments. Even in contexts where we have previously had very tight controls, for example in the form of fiscal agents, the Secretariat is now exploring opportunities to sensibly remove some of these controls in order to unblock bottlenecks to program implementation and drive improved health outcomes.
45. This journey is maturing with an ongoing focus on strengthening how the organization most effectively balances fiduciary risks and programmatic impact. The increasingly proactive risk management processes of the Secretariat and the organization's ability to respond with agility to the changing dynamics of the risk landscape, including strengthening mitigations and assurances,

for example as a result of emerging cases of fraud or corruption, ensures we are better able to take sensible risk trade-off decisions.

Non-grant related risks affecting internal operations

46. This section highlights the Secretariat's response to risks that are not directly related to grant implementation but which have the potential to negatively impact Global Fund operations and the effective internal management of the Secretariat. These risks are all receiving ongoing attention by senior management and a range of actions have been implemented or are planned to further reduce or contain risk levels.

Future Funding

47. A key priority in 2018 was laying the foundations for a successful Sixth Replenishment. Securing the early commitment of France to host the Replenishment Conference, and India to host the Preparatory Meeting, enabled significant advance planning and engagement of hosts in replenishment strategy development. The Investment Case has now been launched and positively received at the Preparatory Meeting.
48. The challenges presented by this Replenishment round include the volatility of the global political climate particularly within key donor countries, increased pressure on ODA budgets, and the potential for external risk events, over which the organization has limited influence, which could negatively impact the Global Fund's reputation.
49. Key priorities leading into October and the Replenishment Conference which respond to these challenges include:
- i. Amplification of the replenishment campaign building on a suite of materials that have been developed around the Investment Case. The Secretariat is adopting a more proactive approach than for previous recent replenishment campaigns with greater diffusion of messaging, designed to increase and sustain visibility of the Global Fund amongst donor groups and position the organization as a strong investment choice.
 - ii. Senior level engagement with key donor representatives to help promote the key messages of the investment case, and galvanize the support of key decision-makers, advocates and influencers;
 - iii. Continued engagement with advocacy partners, including high-level political champions as well as civil society networks and organizations in donor and implementing countries, to leverage high-level political platforms and events to mobilize political support;
 - iv. Continued engagement with partner organizations in the global health and health financing spheres to ensure more coordinated resource mobilization efforts and increased collaboration and harmonization towards more effective execution of programs;
 - v. Securing early pledges to maintain momentum and establish a critical mass moving into the Pledging Conference; and
 - vi. Broadening the Global Fund donor base by mobilizing new public and private sector donors.
50. The Secretariat's Resource Mobilization Strategy is comprehensive and robust and puts the organization in a strong position. As key milestones are successfully reached, including the launch of the Investment Case and the Preparatory meeting, this position is further strengthened.

Governance and Oversight

51. The need to improve governance has been called out in previous Risk Reports as an area for focus, and good progress has been made in 2018 through implementation of the Governance Action Plan, overseen by the Ethics and Governance Committee. Key developments include:
- i. A strengthened Board leadership selection process;
 - ii. A review of the Board's size, structure and composition with an interim solution agreed for additional public donors and a revised Donor Group Framework;
 - iii. The introduction of strategic and streamlined work planning for the Board and the committees, and strategic agenda setting;
 - iv. A strengthened Coordinating Group facilitating improved coordination between the Board and the committees on cross-cutting issues;
 - v. A focus on ethical decision-making and conflicts of interest incorporated into training, onboarding programs, discussion sessions at Board meetings, and constituency meetings; and
 - vi. Finalization of the Dispute Resolution Guidance Note for constituencies, sharing best practice principles with constituencies to guide effective internal processes and procedures.
52. Further progress is needed to embed and build on 2018 developments, and ensure the strengthened infrastructure that has been put in place delivers the intended outcomes. This requires uptake by governance officials to ensure the right strategic focus, further elevate Board and Committee discussions, and facilitate more effective decision making. The successful implementation of the Board-approved, strengthened selection process to appoint the next Board Chair and Vice-Chair represents a significant priority for the Board in 2019. In addition, the adoption of revisions to processes for selecting committee membership and leadership provides the opportunity to further strengthen governance processes. A related and parallel piece of work on Board culture, which is ongoing, will be an important contribution.
53. Another key priority for 2019, where there is significant dependency on strong governance, is the review of the allocation methodology in preparation for the next cycle. This process has already started and it is essential that the necessary decisions are made at the May Board to ensure that there is no delay in determining allocations following the conclusion of the Replenishment Conference.

Internal Operations

54. Potential weaknesses in a number of back-office functions drive the Internal Operations risk: information technology (IT); indirect procurement; administration including facilities management; and financial controlling.
55. 2018 has seen a major overhaul of the leadership of our internal operations, with a new Chief Financial Officer, Chief Information Officer and Head of Sourcing and Supply Chain all taking up post. This has brought with it a renewed energy and appetite for refocusing how we deliver in these key areas and how we respond to operational challenges.
56. A new vision for the IT function has been launched, which will better leverage IT capability as a catalyst for increased organizational efficiency and effectiveness, and facilitate improved access to, and use of, data for decision making. The reorganization of the Sourcing and Supply Chain Department will enable synergies to be better leveraged between internal teams, and facilitate improved collaboration.
57. Progress has been made in implementation of the Secretariat's internal control framework for business processes prioritized for risk oversight. Twenty Key Business Process Reviews have been

completed to assess the adequacy of control design, based on a systematic risk assessment in line with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) principles. Improvement opportunities identified as part of the reviews are being implemented. Building out first line monitoring activities in 2019 will generate evidence that controls are working as intended and enable corrective action to be taken as needed.

58. The implementation of the Performance and Accountability Framework is also being used to drive pan-organizational improvements in internal operations and organizational efficiency and effectiveness. The move to a process driven operating model will drive increased process maturity, including improved business process controls, and greater accountability for performance through codification and metrics setting linked to individual objectives.

Workforce capacity, efficiency and wellbeing

59. A number of different factors contribute to the Workforce Capacity, Efficiency and Wellbeing risk. These include insufficient work prioritization, process inefficiency, insufficient linkage between organizational priorities, workforce capacity and performance objectives, and inadequate management of poor performance. There has been significant effort directed at addressing these root causes, including strengthening HR systems and processes. At the same time several efforts have been made to improve health and wellbeing of staff. This represents good progress. Nevertheless, there remains room for improvement.

60. To respond to these root causes a number of key initiatives were launched in 2018, which will continue to be priorities in 2019:

- i. Review and refresh of the performance management process to help drive a performance-based culture;
- ii. Implementation of a more structured approach to talent acquisition and staff development, and increased investment in training and development, including leadership development;
- iii. Design and roll out of strategic workforce planning, as part of the implementation of the Performance and Accountability Framework, to ensure that organizational capacity is aligned with operational need; and
- iv. Completion and implementation of Phase 1 of the Total Rewards and Benefits Review, which was launched to ensure alignment between our rewards strategy and target culture, promote organizational agility and deliver value for money.

61. These initiatives in combination should place the organization on a much stronger footing. However, delays in implementation need to be avoided through better alignment and planning of initiatives at the Secretariat. Strategic workforce planning in particular has faced delays in light of changing organizational priorities. Workforce planning is planned for 2019 and 2020, with the pilot starting in early 2019, using the momentum behind the Performance and Accountability Framework.

Status of the overall risk profile and risk levels relative to Board approved risk appetite

62. The organization's overall risk profile continues to remain stable to slightly improving. This reflects both the continued effectiveness of risk management in critical areas but also, as previously highlighted, the fact that progress in bringing risk levels down for grant-facing risks is often a gradual process requiring investment and action over the medium to long term.

63. Risk levels, trajectories and mitigations for all organizational risks are captured in detail in the Organizational Risk Register, Annex A.
64. The Board has approved risk appetite statements for eight grant facing risks and one corporate, externally facing risk: foreign exchange. The current risk levels for the nine risks continue to be within the approved risk appetite.
65. Target levels have also been set for the nine risks. For all grant facing risks, with three exceptions, the current risk levels are moderate and equal to the target levels. For these six risks, mitigating actions will continue to be implemented and trade-off decisions made in order to maintain or reduce the risk levels within the agreed risk appetite level of 'moderate'.
66. The three risks where the current risk levels are 'high' with target risk levels of 'moderate' are: Program Quality; M&E Systems, Data Availability, Quality & Use; and In-Country Supply Chain. Timeframes for reaching moderate for these risks are mid-2021 for M&E Systems, Data Availability, Quality & Use, and mid-2023 for Program Quality and In-Country Supply Chain.
67. Progress continues to be made to reduce the risk levels:
 1. Program Quality. Priority countries are being finalized, where the focus will be on strengthening identification of improvement opportunities through reviews, monitoring and enhanced use of data; and further promotion of differentiated approaches and service delivery integration. Good progress is being made.
 2. M&E Systems, Data Availability, Quality & Use. Priority countries have been finalized, where the focus has been on strengthening in-country data systems and systems integration, and capacity building. Good progress is being made. In-country data systems have been built enabling timely and complete reporting. The emphasis now is on improving the quality and use of data for decision-making. Key mitigating actions have been identified and their implementation is being monitored.
 3. In-Country Supply Chain. Organizational effort is being refocused to help gain traction in transitioning from diagnostics to transformations. Good progress has been made since the last Risk Report. Six Key Priority, and ten Support, countries have been identified and project plans are at various stages of development, which will be jointly owned by GMD and the SSC Department to drive shared accountability.
68. Overall these risks are receiving adequate levels of management attention and continue to be on an appropriate trajectory to reach the target levels within the time frames approved by the Board.

IV. Progress in implementation of key Secretariat initiatives

69. The Secretariat has made continually good progress in 2018 in rolling out key initiatives. Highlights include:
 - i. **Continuous improvement of Portfolio Performance Committee (PPC)** reviews as part of oversight of High Impact and selected Core portfolios. PPCs were refocused in early 2018 and have now matured. The content, quality of discussions, and decision making, has continued to improve through an increased focus on impact and financial performance.
 - ii. **Operationalization of the Risk Appetite Framework** providing a structured framework for decision making on risk trade-offs and risk acceptance and strengthening overall risk management.
 - iii. **Roll out of the Integrated Risk Management module (IRM)**, which has now been completed for high impact and core countries. Reporting to facilitate ongoing management

oversight of progress in the implementation of key mitigating actions and assurances, and exception reporting, is under development.

- iv. **Implementation of the Performance and Accountability Framework** to provide a unifying management framework for improved process performance and accountability across the Secretariat. This work has accelerated the shift towards a process-driven operating model that will enable more rigorous performance management through tracking of agreed metrics and targets for all processes.
- v. **Strengthening of business process controls continues.** Implementation of actions identified through Key Business Process Reviews have resulted in notable control improvements across a range of processes. Reports and dashboards to enable monitoring of controls and exception reporting are also being developed by process owners. Establishing first line exception reporting on select controls for key grant management processes is a priority for 2019. Ongoing Key Business Process Reviews and control improvements will be further enhanced by the Performance & Accountability Framework focus on business processes.
- vi. **Implementation of the CCM Evolution Project.** which will position CCMs to more fully exercise their oversight responsibilities, take a key role in leading the national disease response and ensure the inclusion of key stakeholders, including civil society. Baseline assessments of CCMs have been conducted for all eighteen participating countries; oversight consultants have been deployed; and oversight officers are in the process of being deployed.
- vii. **Continued progress with recoveries.** As of 31 December 2018, the total outstanding recoverable balance (OIG identified), net of written commitments to repay remained stable at US\$1.9 million. This represents a resolution of 98% of the aggregate recoverable amount. Non-OIG identified recoverables also remain stable within a range of US\$10 to 15 million.
- viii. **Operationalization and continuous improvement of the Grant Operating System (GOS)** streamlining and automating grant management processes and controls leading to increased integration, efficiency and control.

V. Chief Risk Officer's Annual Opinion

70. The Global Fund's maturity in the context of risk management, internal controls and governance continues to improve and significant progress has been made in recent years towards reaching an 'Embedded' state. ¹ 2018 has seen that positive trajectory continue.
71. The key developments in 2018 which have been important in advancing the organization's maturity have already been highlighted in this Report but include the introduction and maturation of the PPC, the approval and operationalization of the Risk Appetite Framework, and the rollout of the IRM module. In combination, these developments have not only increased the organization's maturity from a process perspective, they have also seen the Global Fund take a significant step forward in terms of its operating culture. The implementation of the Performance and Accountability Framework will facilitate further improvement in this context.

¹ The Office of the Inspector General uses a rating scale for measuring the maturity of risk management, internal controls and governance with six levels along a continuum: 1) Non-existent; 2) Ad-hoc; 3) Initiated; 4) Embedded; 5) Actively Managed and Formalized; and 6) Optimized. Embedded is defined as: Internal controls, governance and risk management processes have been defined and are embedded in everyday management practice. However, there is insufficient close supervision or active management of these processes and/or they are not consistently measurable. It is likely but uncertain that they will allow the organization's operational and strategic objectives to be met.

72. Other key developments, which are of particular significance, are the progress that has been made in implementing the Governance Action Plan and in closing Agreed Management Actions.² As highlighted earlier in this Report, good progress has been made in implementing the Governance Action Plan. This is a very welcome development. However, as also noted, the Secretariat is reaching the limits of what it can realistically influence and it is, therefore, essential that the Board and the committees take advantage of, and build on, the infrastructural changes that have been made in order to deliver improved outcomes.
73. As with the previous two years the Secretariat has formulated a view on where the organization currently sits on the OIG's maturity scale for risk management, internal controls and governance. In developing this opinion the Secretariat has considered, amongst other things: a) the results of a senior management survey, which solicited views on organizational maturity for risk management, internal controls and governance in those areas where we were shy of reaching embedded in 2018; b) progress in implementing the key Secretariat initiatives discussed earlier in this Report; c) progress on thematic areas highlighted in the OIG's Annual Report and Operational Progress Report from the previous year; and d) progress in delivering on the priorities for reaching embedded called out in previous Risk Reports.
74. The view of the Global Fund's senior management is that the organization has continued to move closer toward an Embedded state and, subject to implementing a number of key initiatives, the organization is on track to reach this level of maturity by late 2019.
75. The Chief Risk Officer (CRO) concurs with the assessment of the senior management. At an aggregate level the organization is within reach of Embedded and the timeline of late 2019 is achievable. This reflects the fact that a number of key business units within the organization have already reached this level of maturity, including Finance and External Relations. Other business units and functions, whilst not quite at Embedded have made significant progress and, subject to a number of specific actions, reaching this level of maturity within the year should be realistic for the majority. From the Secretariat's perspective, the key business units and functions, for the purposes of assessing organizational maturity, are: GMD; Finance Division; SSC Department; External Relations Division, risk management and governance. However, it is important to note that not all business units and functions need to reach an Embedded level of maturity for the organization to achieve this level at an aggregate.
76. GMD, which is one the key business units driving the aggregate maturity level, has made notable headway, particularly in the past two years, to mature and embed risk management processes. Supporting systems and tools have also been significantly strengthened. The key area where further work is still needed, and which will be a priority for 2019, is in building out the internal control environment and developing first line exception reporting on select business process controls across key grant management processes.
77. Sourcing and supply chain management has also matured. Procurement of upstream logistics is already at an Embedded level of maturity and, as highlighted in the preceding paragraph, risk management processes are also close to Embedded within grant management. However, in-country supply chain transformation is an area where a more significant gap remains to be closed before reaching Embedded. In particular, implementation of the detailed improvement plans that have been developed for the sixteen Key Priority and Support countries needs to gain traction. The

² The total number of open Agreed Management Actions (AMAs) has steadily reduced over the course of 2018 with an overall decline between November 2017 and December 2018 of 25% and a decline in the number of long overdue AMAs from 24 to 17 over the same period.

measure for concrete progress is the successful linkage of supply chain diagnostics to transformation. (See Annex B for more detail and timelines on the outstanding activities required for the Global Fund to reach an aggregate level of Embedded.)

78. There has also been progress in maturing and strengthening governance. However, it is unlikely that governance will reach an Embedded level of maturity within the year. That said, this will not prevent the organization from reaching Embedded at an aggregate level within this timeframe.
79. As noted in last year's Annual Opinion the Secretariat's vision continues to be to attain an overall maturity level of 'Actively Managed and Formalized' over the medium term. Given considerations such as value for money and contextual factors such as the external environment, aiming to achieve an overall 'Optimized' state would not be appropriate.
80. The results of the organization's continued focus on strengthening risk management, internal controls and governance are having a positive impact on the risk profile, which is stable to slightly improving. The majority of risks remain stable. This reflects the good progress being made in implementing mitigations but also the evolving nature of the risks and the complexity and systemic nature of the root causes. The Quality of Health Products risk has reduced and there is also a positive downward trajectory for three risks. One is an external grant facing risk, M&E Systems, Data Availability, Quality & Use. Two are corporate: Integrated Grant Policies, Processes, Systems & Data, and Risk Management & Internal Controls. As the Secretariat starts to leverage the Risk Appetite Framework and further progress is made in implementing mitigation actions reductions of other key risks can be expected, in particular Program Quality and In-Country Supply Chain. However, as already highlighted these are complex and systemic risks, and their mitigation is a long term endeavor, which is reflected in the agreed timeframe for achieving the target risk levels.

VI. Conclusion

81. The nature of the Global Fund's mission and the environments in which we operate mean that the organization will always need to manage a range of complex, inter-dependent risks, over which the organization often has limited control. Nevertheless, through a consistent focus on, and commitment to, strengthening risk management within the Secretariat and at country-level, we have seen measurable improvements in the organization's risk profile over time and steady advancement in the Global Fund's maturity in relation to risk management, internal controls and governance.
82. Despite the progress that has been made there is always room for improvement and the Secretariat rightly continues to prioritize mitigation of key risks. It is also important to recognize that some of the biggest risks the organization faces are the most intractable. They require multiple years of investment, collaboration with partners, and political will at country-level.

Annex A: Organizational Risk Register, 2018 Q4 update

Updates to key risks:

- **Quality of Health Products**: Risk level has reduced from moderate to moderate low. Driven by high coverage of PPM and international procurements (80% of the Global Fund financed procurement) ensuring compliance with international quality standards; grant funding for alternative mechanisms to address gaps in national quality assurance mechanisms and controls; expansion of quality assurance requirements for diagnostics products; and operationalization of processes to prequalify malaria vector control products, making the procurement outcomes safer.
- **M&E**: Change in direction of travel. Downward direction driven by improvement in in-country data systems and timely and complete reporting.
- **Integrated Grant Policies, Processes, Systems & Data**: No change in direction of travel. Downward direction continues to be driven by successful roll out of GOS and implementation of the Performance & Accountability Framework.
- **Risk Management & Internal Controls**: No change in direction of travel. Downward direction driven by successful roll out of IRM, operationalization of risk appetite and increasing maturity of PPCs.

ORR Risk Summary - Q4 2018

Risk type	Risk name	Residual risk Q4	Risk Appetite	Change since last quarter	Direction of travel		Global Fund ability to mitigate	
External: grant facing	1. Program Quality	High	High	No change	Steady	→	Moderate ability	★★★
	2. M&E Systems, Data Availability, Quality & Use	High	High	No change	Decreasing	↓	Moderate ability	★★★
	3. Procurement	Moderate	Moderate	No change	Steady	→	Significant ability	★★★★
	4. In-Country Supply Chain	High	High	No change	Steady	→	Moderate ability	★★★
	5. Grant-Related Fraud & Fiduciary	Moderate	Moderate	No change	Steady	→	Significant ability	★★★★
	6. Accounting & Financial Reporting by Countries	Moderate	Moderate	No change	Steady	→	Moderate ability	★★★
	7. National Program Governance & Grant Oversight	Moderate	Moderate	No change	Steady	→	Moderate ability	★★★
	8. Quality of Health Products	Moderate-low	Moderate	Reduced since last quarter	Steady	→	Moderate ability	★★★
	9. Human Rights & Gender Inequality	High	Not applicable	No change	Steady	→	Minor ability	★★
	10. Transition	High	Not applicable	No change	Steady	→	Minor ability	★★
	11. Drug & Insecticide Resistance	High	Not applicable	No change	Steady	→	Moderate ability	★★★
External: other	12. Foreign Exchange	Moderate-low	Moderate-low	No change	Steady	→	Significant ability	★★★★
	13. Future Funding	Moderate	Not applicable	No change	Steady	→	Moderate ability	★★★
Corporate	14. Internal Operations	Moderate	Not applicable	No change	Steady	→	Significant ability	★★★★
	15. Integrated Grant Policies, Processes, Systems & Data	Moderate	Not applicable	No change	Decreasing	↓	Significant ability	★★★★
	16. Risk Management & Internal Controls	High	Not applicable	No change	Decreasing	↓	Significant ability	★★★★
	17. Legal	Moderate	Not applicable	No change	Steady	→	Moderate ability	★★★
	18. Governance & Oversight	Moderate	Not applicable	No change	Steady	→	Moderate ability	★★★
	19. Organizational Culture	Moderate	Not applicable	No change	Steady	→	Significant ability	★★★★
	20. In-country Conduct & Ethics	Moderate	Not applicable	No change	Steady	→	Moderate ability	★★★
	21. Workforce Capacity, Efficiency & Wellbeing	Moderate	Not applicable	No change	Steady	→	Significant ability	★★★★
	22. Reputation	High	Not applicable	No change	Steady	→	Moderate ability	★★★

1. Program Quality

Risk description				Risk owner	TAP	
Inadequate quality of programs/services funded by the Global Fund, which results in missed opportunities to maximize improvement of measurable outcomes in the fight against the three diseases and the effort to strengthen resilient and sustainable systems for health.	Residual risk	High	IRM category	Programmatic & M&E		
	Risk appetite	High	Change since last quarter	No change		
	Risk impact	Moderate	Direction of travel	Steady	→	
Poor adherence to international standards for prevention, diagnosis and treatment, and poor adherence to treatment regimens, contributing to drug resistance, treatment failure and heightened disease burden. Ineffective vector control contributing to insecticide resistance. (The impact is exacerbated in high-risk environments that account for a significant portion of Global Fund investments.)	Target risk timeframe	Jun-23	GF ability to mitigate	Moderate ability	★★★	
	Action being taken to reach target	List of prioritized countries is being finalized where focus will be on strengthening identification of improvement opportunities through reviews, monitoring and enhanced use of data, and further promotion of differentiated approaches and service delivery integration. (Overarching mitigations are captured below and under the Human Rights & Gender Inequality and Drug & Insecticide Resistance risks.) Good progress being made.				
	Key partners					
Root causes	The Global Fund's bilateral and multilateral partners have the capacity and opportunity to influence but not control program quality risk					
	Key countries					
	Top 25 countries by allocation amount					
1 Insufficient and inadequate use of data for the appropriate design of quality and efficient programs aligned with epidemiological context, combined with insufficient monitoring and surveillance	Nigeria	Zimbabwe	Kenya	Indonesia	Ghana	Sudan
2 Interventions and targets not based on programs' context or not addressing National Strategic Plan priorities	Tanzania	Uganda	South Africa	Côte d'Ivoire	Cameroon	Viet Nam
3 Key interventions not sufficiently focused on populations most in need of services, or well-linked to achieving program outcomes	DRC	Malawi	Zambia	Rwanda	Bangladesh	Ukraine
4 Guidelines/tools to review quality of services are not available or programs are not routinely reviewed	Mozambique	Ethiopia	Myanmar	Pakistan	Burkina Faso	Mali
5 Programs do not adhere to approved national or WHO guidelines e.g. medicine formulations, diagnostic tools, laboratory, procurement, patient identification, prevention, care and treatment or adherence to ART or TB treatment, or there is an absence of a clear framework to guide decision making	India					
6 Poor quality of health products and unstable drug supply						
7 Inadequate staff capacity working in environments that are often not sufficiently supportive (gaps in training, support and supervision, misaligned incentives, etc.) and inappropriate use of drugs						
Current controls & mitigations	Assurances					
1 Refocusing on grant programs' quality and efficiency, within current budget limitations, through strengthening in country review and dialogue with partners to identify opportunities to improve quality and leverage partner technical, financial and political resources accordingly.	1 Routine Programmatic analysis					
2 Strengthening focus on measurable outcomes that drive impact, enhancing data use for action and improvement, leveraging efficiencies to maximize value for money and strengthening mutual accountability, including roll-out of the Data Use for Action and Improvement framework (DUAP), inclusive of indicators on measuring program quality, which is fully aligned with the 2018 Corporate Priority 4 on Data systems for health and use of data for program quality and efficiency improvement.	2 National or disease specific reviews					
3 Promoting differentiated approaches and integrated service delivery models to achieve impact in diverse country contexts, including at community level, supporting efforts to find missing TB cases.	3 National Health Facility Assessment					
4 Global Fund grants support countries to implement changes to drug policies when necessary, accelerate uptake of innovation and behaviour change communication for disease prevention and support programs to improve treatment adherence.	4 Population based surveys					
5 Strengthening review of quality at Secretariat level through country-specific and cross-portfolio reviews by the Portfolio Performance Committee, to identify gaps and opportunities for improvement.	5 Routine monitoring (community/ facility)					
6 Strengthening monitoring of drug and insecticide resistance to ensure optimal choices of interventions for maximum impact and improving surveillance and enhancing entomological capacity at country level (to inform vector control strategies and track their impact on malaria transmission, focusing on the 10 highest burden countries).	6 Partner reviews					
7 WHO normative guidance regarding appropriate treatment guidelines and protocols in place. Global Fund support for implementation of new WHO guidelines, including guidelines in Drug Resistance TB, innovation initiatives including the Innovation 2 Impact Initiative to develop and deliver new vector control products, and development of new and innovative disease management strategies.	7 Program quality spot checks					
8 Ongoing dissemination of best practices and practical guidance by Technical Advice and Partnerships, including quality standards and normative guidelines.	8 Country evaluations					
9 Aligning program and data quality assurance with overall Risk and Assurance Planning.	9 Thematic reviews					
	10 Prospective Country Evaluations					
Controls & mitigations in development or planned	Category	Target completion (MM/YY)	Mitigation owner - department	Overall status		
1 Strengthening integrated service delivery: Integration of HIV, TB and malaria services into broader service delivery platforms (i.e.-ANC/PNC, PHC) through technical partners and implementers.	Underway	Dec-20	TAP			
2 Differentiated HIV testing to improve efficiency and effectiveness for first 90 (90-90-90 Global Target). Work with technical partners to improve effectiveness of HIV testing, focus, yield and linkages to treatment for positives and prevention for HIV negative individuals. Scale up differentiated service models in 8 countries. Budget implication of US\$ 750.000 for implementation TA on testing yet to be sourced.	Underway	Dec-20	TAP			
3 TB: Catalytic funding of USD115m to find an additional 1.5 million missing TB cases in 13 priority countries through: - Identification of gaps in country plans; - Technical assistance to elaborate activities to finding the missing TB cases and; - Development and adaptation of new tools and approaches for finding missing TB cases tailored by countries	Underway	Dec-20	TAP			
4 Accelerating elimination of malaria in 20 countries, through technical assistance and the use of catalytic funding of USD 7m.	Underway	Dec-20	TAP			Risk mitigation is on track. There are no material delays.
5 Catalyzing market entry of new LLINs through pilots in a number of high burden countries in Western Africa which have intense pyrethroid insecticide resistance. Includes USD35m in catalytic funding.	Underway	Dec-20	TAP			
6 Further support for implementation of new guidance and action planning related to: - TB: Support to countries for implementation of new guidance and action planning related to drug resistance TB through the TB Strategic Initiative (includes updated GLC MoU; transition to the new MDR-TB regimens); - HIV: Working with sourcing, GMD and partners (such as PEPFAR) on TLD transition and NVP switch in all HIV tier 1 countries with particular focus on PEPFAR countries. Internal internal technical brief issued by GF (January 2019) to support fast and safe transition to new WHO regimens.	Underway	Dec-21	TAP			
7 Leveraging RSSH catalytic funding to strengthen integrated service delivery, human resources for health, governance for cross program efficiency, and scale up of best practices through south-to-south collaboration and peer learning	Underway	Dec-20	TAP			
Additional activities	Next steps					
1 Embed, operationalize and systematize the approach to addressing gender inequality through mainstreaming the use of sex and age disaggregated data in grant design, implementation and re-programming through improved program and data quality.	Initiate cross-departmental discussion including CRG, TAP and GMD to agree the approach to integration.					

2. M&E Systems, Data Availability, Quality & Use

Risk description			Risk owner	TAP		
Poor quality and/or unavailability of program data due to weak in-country M&E systems that do not lead to proper planning decisions and efficient investments and therefore hamper programs' ability to reach their targets and health impact.	Residual risk	High	IRM category	Programmatic & M&E		
	Risk appetite	High	Change since last quarter	No change		
Risk impact	Target risk	Moderate	Direction of travel	Decreasing	↓	
	Target risk timeframe	Jun-21	GF ability to mitigate	Moderate ability	★★★	
Poor quality data can impede implementers' management of quality programs and the Global Fund's ability to assess their impact. This can result in programs with improper focus on relevant interventions and beneficiary populations and failure to achieve desired public health impact.	Action being taken to reach target		List of prioritized countries has been finalized where focus will be on strengthening in-country data systems and systems integration, and capacity building. (Overarching mitigations are captured below.) Good progress being made with significant momentum.			
	Key partners					
Root causes	The World Health Organization, GAVI, Gates Foundation and University of Oslo have a moderate ability to mitigate Strategic Data Quality and Availability risk.					
Factors at both country and Secretariat level affect the accuracy and use of data to inform appropriate programmatic and financial decisions:						
Key countries						
Top 25 countries by allocation amount						
1 Insufficient human and financial resources and infrastructure	Nigeria	Zimbabwe	Kenya	Indonesia	Ghana	Sudan
2 Weak management at country level	Tanzania	Uganda	South Africa	Côte d'Ivoire	Cameroon	Viet Nam
3 Inadequate supervision	DRC	Malawi	Zambia	Rwanda	Bangladesh	Ukraine
4 Poor analytical capacity	Mozambique	Ethiopia	Myanmar	Pakistan	Burkina Faso	Mali
5 Sub-optimal access to and use of program data	India					
6 Inadequate national M&E and HMIS Strategy with costed work plans						
7 Incomplete, multiple or non-functional in-country data systems and data sources						
8 Fraud of program and performance data						
Assurances						
1 Grant supported investments for strengthening of in-country M&E systems, including routine monitoring of facility and community systems rollout and maintenance	1 Country/ Portfolio Evaluations					
2 Developed Global Fund Data Use for Action and Improvement Framework for 2017 – 2022 and operational guidance to guide how the Global Fund supports countries in strengthening their data collection and analysis capacity in order to ensure good quality data and analyses are available at country level and used for decision making during all stages of the program cycle, and the use of identified 3rd party service providers for data quality assurance	2 National Data Quality Reviews (DQR)					
3 Through Catalytic Funding/MECA operations (USD 20m for Strategic Initiative) for Data Systems, agreements with partners on outcome deliverables to ensure: (i) availability of normative M&E tools and guidance, (ii) integration of disease reporting within countries' national HMIS with epi-based analytical dashboards and (iii) inclusion of new functionalities / software applications into countries' national HMIS to more readily assess data quality (e.g. WHO Data Quality Review app for DHIS2)	3 Data quality spot checks					
4 Through Catalytic Funding /MECA operations, joint plan established on strengthening HMIS systems with HISP University of Oslo (DHIS) and WHO through the Strategic Initiative funding for Country Data Systems 2017 - 2019. Contracts established (Q1 2018, the plan is now fully operational). Six monthly reporting established, first report submitted in July 2018. Next report due in Feb 2019	4 Review of data systems (community/facility)					
5 Through Catalytic Funding for Data Systems, development of a pool of universities and local institutions to strengthen analytical capacity using local network of universities	5 National or Disease Specific Program Reviews					
6 Through Catalytic Funding for Data Systems, development of pool of providers to increase availability of Technical Assistance for M&E. M&E TA pool (135 consultants) for deployment in 50 countries has been recruited and trained. TA deployments have now started.	6 Routine Programmatic analysis (use for Data Quality triangulation)					
7 Systematic roll-out of evaluations in most focus portfolios (104 evaluations: 20 ongoing; 10 completed, 29 to start in 2019)	7 Partner reviews					
8 Guidance note on key areas for M&E investments issued and being used by Country Teams during country dialogue and grant making. (Due to be updated for the next implementation cycle.)	8 Prospective Country Evaluations					
9 Joint plan of TAP support to High Impact countries developed by May 2018 and is being used successfully with positive experiences	9 Thematic Reviews					
10 Rigorous assessment of key population service coverage in 65 countries, with in-depth review in 32 countries and desk reviews for 33 countries completed. Recommendations for systems improvement being put in place	10 Systematic data quality checks from routine data systems					
11 Systematic tracking of KPI6d (% of countries with fully deployed and functional HMIS) and Data Quality Rating (% of countries with good and moderate data), and reporting twice a year, and provision of support to countries in need. - KPI6d is on track with 13/50 countries with fully deployed and functional HMIS (target for Dec 2018 is 12 countries). - On Data Quality Reporting: Currently 58% of the countries (out of a total 50 countries) report good or moderate data (target is 60% by end of the year).						
Controls & mitigations in development or planned						
	Category	Target completion (MM/YY)	Mitigation owner - department		Overall status	
1 HMIS/LMIS interoperability key goals and components defined; Action plan for 6 countries developed. Implementation has started in some countries. More countries are expected to be gradually integrated into the process.	Underway	Dec-20	MECA		Risk mitigation is on track. There are no material delays.	
2 Thematic review on existing M&E systems to report on community service delivery. RFP development in progress	Planned	Dec-19	MECA			
3 COE: Service delivery tracking, internal COE meeting (completed 28 June 2018), Framework definition (Q4 2018) Gender: (i) M&E framework for AGYW is completed and disseminated; (ii) Assessment on M&E system to report on interventions for AGYW completed in 8 countries, and 5 are ongoing (iii) Thematic review to collect additional missing behavioural indicators planned. Scope of work completed and RFP in process.	Underway	Jun-19	MECA			
4	Underway	Jun-19	MECA			
5 Conduct the external QA of surveys beyond HFA and DQR for selected number of countries (e.g. IBBS, HIV treatment cascade, Malaria Indicator Survey, TB Prevalence Survey) in 2019. Use a risk based approach - countries selected based on a set of pre agreed criterions (capacity and prior experience of the country implementing related surveys).	Underway	Dec-22	MECA			
6 Digital health (at country level) framework being defined together with Supply chain, IT Department and Private Sector	Underway	Jun-19	IT/MECA/SC/PSE			
7 Thematic reviews to provide information on progress of specific cross-cutting areas supported by GF strategy, e.g. ICCM, intervention packages for KPs, factors contributing to favorable MDR-TB treatment outcomes etc.: 3 thematic reviews completed, 10 thematic reviews currently in planning with GMD and other stakeholders (includes the community and gender thematic reviews above)	Underway	Dec-20	MECA/TAP/GMD/CRG			
Next steps						
Additional activities						
1 Stronger global support /investments in core /central costs of developing and maintaining M&E global public goods (e.g. DHIS2, other open-source solutions, etc.)						

3. Procurement

Risk description				Risk owner	Sourcing and Supply Chain Dept (Currently Sourcing, and GMD)		
Procurement challenges and failures that lead to poor value for money or financial losses, incorrect or sub-standard products or delayed delivery, potentially leading to stock out, treatment disruption; poor quality of services or wastage of funds or products.		Residual risk	Moderate		IRM category	Health Product Management & Supply Chain	
		Risk appetite	Moderate		Change since last quarter	No change	
Risk impact		Target risk	Moderate		Direction of travel	Steady 	
Global Fund exposure to health commodities procurement is material, as it captures between 40% and 60% of grant funding across the portfolio. The risk is concentrated in sub-Saharan Africa, with up to 75% of grant funds in the region budgeted for health commodities. For the 2018-2020 period, while 59% of the Global Fund health commodities projected spend will be procured centrally through the Pooled Procurement Mechanism (PPM), presenting an important market shaping opportunity, the balance will be conducted through a wide range of procurement channels, including national systems (20% of projected spend) and international organizations (e.g., UN agencies) (21%).		Target risk timeframe	Not applicable		GF ability to mitigate	Significant ability 	
		Key Partners					
Because PPM-related risk is managed directly by the Secretariat, challenges are likely to predominantly affect the approximately 20% of procurement spend exposed to national systems. These challenges include, but are not limited to, poorly managed and lengthy procurement processes, inadequate capacity to maximize value opportunities through strategic sourcing approaches and fraud that negatively affects value for money and the continuity of supply.		Donors including the World Bank, US and France provide focused technical assistance related to health commodity procurement.					
Root causes		Key countries					
1 Lack of critical mass (volume) for, and limited market knowledge of, critical health product portfolios, decreasing leverage		Top 20 countries by commodity budget					
2 Inadequate procurement planning and lack of coordination with international partners							
3 Lengthy processes, and other governance-related challenges		Nigeria	Uganda	Malawi	Cameroon	Burkina Faso	Sudan
4 Less than mature sourcing strategies and supplier relationship management, missing opportunities to secure value for money		India	Tanzania	Ghana	Myanmar	Côte d'Ivoire	Guinea
		Mozambique	Kenya	Zambia	Ukraine	Viet Nam	Pakistan
		Ethiopia	DRC				
Current controls & mitigations		Assurances					
1 Implementing the Board approved Market Shaping Strategy (2016-2021), leveraging PPM volumes		1 Mid-term review of Market Shaping Strategy by Technical Evaluation Reference Group, to be reported to Board Committees and Board					
2 Requirement for health product procurement to be compliant with Global Fund Quality Assurance (QA) policies		2 Updates to List of Health Products managed by the Quality Assurance team..					
3 Developing, updating and implementing health product sourcing strategies, with the supply of core health products managed the by Sourcing and Supply Chain Department through performance-based framework agreements with suppliers		3 Supplier monitoring of stock which can be made available through Rapid Supply Mechanism (RSM) to ensure availability of commodities as required, as per Framework Agreements.					
4 Regular performance reviews of Framework Agreement suppliers and Procurement Services Agents (PSAs)		4 LFA reviews of health product purchases for compliance with QA Policy and grant budgeting guidance.					
5 Rapid Supply Mechanism (RSM) managed by the Sourcing and Supply Chain Department available to all PRs that responds to emergency needs of countries and addresses stock out situations for key health products.		5 Quarterly Sourcing and Supply Chain reporting through the Performance Accountability Framework.					
6 Grant budgeting guidance requiring use of PPM reference prices as a budget price for all PRs (Guidelines for Grant Budgeting)							
Possibility to extend PPM-negotiated prices and conditions to non-PPM procurements by other interested buyers through the Leveraging Impact							
7 Savings target-setting (KPI 12b) and OTIF target-setting and monitoring							
8 Regular coordination with other big buyers (e.g., USG, South Africa, etc.)							
Controls & mitigations in development or planned		Category	Target completion (MM/Yy)	Mitigation owner - department	Overall status		
1 Continue to advance implementation of the Board-approved Market Shaping Strategy (2016-2021)		Underway	Dec-20	Sourcing and Supply Chain	 Risk mitigation is on track. There are no material delays.		
2 Management review within current Global Fund governance model (i.e., Strategic KPI review by Committees/Board, and iKPI review by Management Executive Committee)		Underway	Dec-19	Sourcing and Supply Chain			
3 Developing/updating/implementing health product sourcing strategies for Rapid Diagnostic Tests (RDTs) and Long-lasting Insecticidal Nets (LLINs)in 2019		Underway	Dec-19	Sourcing and Supply Chain			
4 New Procurement Services Agents contract finalization and transition.		Underway	Dec-19	Sourcing and Supply Chain			
5 Re-organization of Sourcing & Supply Chain staff to deliver further impact through the Market Shaping Strategy		Underway	Dec-19	Sourcing and Supply Chain			
6 Roll out the demand management process to maximize the value (delivery performance, savings, secure the supply, etc.)		Underway	Dec-19	Sourcing and Supply Chain			
Additional activities		Next steps					

4. In-Country Supply Chain

Risk description			Risk owner	GMD		
Disruption or poor performance of in-country health product supply chain services, from port of entry to point of service delivery that could result in inadequate availability of commodities and/or wastage of grant-funded commodities through expiries or diversion. Gaps may be in supply systems arrangements, systems and capacity, data process and analytics, physical logistics and/or financing and can prevent achievement of grant objectives.	Residual risk	High	IRM category	Health Product Management & Supply Chain		
	Risk appetite	High	Change since last quarter	No change		
Risk impact	Target risk	Moderate	Direction of travel	Steady	→	
	Target risk timeframe	Jun-23	GF ability to mitigate	Moderate ability	★★★	
Action being taken to reach target	List of prioritized countries is being finalized where focus will be on implementation of supply chain diagnostics leading to transformation plans, capacity building and innovation. (Overarching mitigations are captured below.) Progress being made but delays being experienced and increased momentum needed.					
Key partners						
Root causes	Agencies of the US Government, World Bank, World Health Organization and Interagency Supply Chain Group					
Key countries						
2 cohorts: top 20 countries by commodity budget (black text) & 16 Key Priority and Support countries (blue text). Overlap						
1 Incomplete processes and insufficiently trained/qualified staff for recording, reporting and monitoring health commodities throughout the supply chain system.	Nigeria	Uganda	Malawi	Cameroon	Burkina Faso	Sudan
2 Lack of data availability and/or data quality related to consumption and patient information and/or MIS, resulting in inaccurate quantification and forecasting.	India	Tanzania	Ghana	Myanmar	Côte d'Ivoire	Guinea
3 Poor oversight, data visibility and control of stock of key products at different levels of the supply chain system	Mozambique	Kenya	Zambia	Ukraine	Viet Nam	Pakistan
4 Inadequate facility/storage capacity and conditions, logistics information and planning and distribution; poor inventory management including insufficient inventory turns	Ethiopia	DRC	Indonesia	Haiti	Liberia	Bangladesh
5 Lack of coordination among donors and key stakeholders that are involved in or support the supply management cycle of health products in country; lack of budget/resources.	South Africa	Chad				
6 Upstream challenges that can result in unavailability of products within the in-country supply chain.	Assurances					
7 Inadequate in-country supply chain leadership and accountability, lack of (focus on) domestically agreed KPIs						
Current controls & mitigations						
1 Diagnostic assessments and data collection to identify underlying root causes for in-country supply chain underperformance and implement evidence-based improvement plans	1 Product availability at point of care (KP-16b)					
2 Based on data, grant financing to undertake improvement plans/supply chain systems strengthening priority activities such as improving data systems, storage and other infrastructure improvements, commodity tracking, inventory management and national capacity building.	2 14 supply chain assurance activities outlined in Risk and Assurance tool box					
3 Capacity to increase accuracy of national commodity forecasts, reducing risk of overstocks/expiries and stock outs including: <ul style="list-style-type: none"> • Secretariat review (annually/quarterly) of commodity forecasts and quantification for High Impact countries and those identified as high risk in terms of procurement and supply chain management; • Cooperation with key partners at country level, with focus on High Impact countries for the development of national forecasts and supply plans; • Skilled Forecasting Steering Committees that meet frequently in a number of High Impact countries 						
4 Collaboration with partners at country and HQ levels to implement supply chain strengthening activities. Interagency Supply Chain Group (ISG) enables such collaboration.						
5 Leverage private sector providers to deliver supply chain functions such as storage or transportation in underperforming environments.						
6 Catalytic funding to enable capacity building in 19 countries by expanding supply chain universities and supply chain training as a way to develop local supply chain expertise over the long term and reduce need for external technical assistance. Efforts include grant with PAHO to build capacity in 6 Latin American and a certification program for supply chain professionals in Nigeria						
7 Interface between the S&SC Dept. and the HPM network implemented to guide collaboration between the two teams; jointly owned personal objectives focused on improved on-shelf availability, successful measurement of inventory turns and result-oriented RSSH investments have been developed to support alignment across the teams.						
Controls & mitigations in development or planned	Category	Target completion (MM/YY)	Mitigation owner - department		Overall status	
1 Catalytic funding for implementation of targeted supply chain diagnostics, to lead to transformation plans to address priority issues and risks; goal to have 20 diagnostics started and 16 countries in transformation by December 2019. Country prioritization (16 "Key Priority" and "Support" countries and differentiated strategies in place. <ol style="list-style-type: none"> Out of 19 countries that have started diagnostics, 14 have been completed. Roll out of transformation programs has started in 10 countries to date (out of a target of 16) 	Underway	Dec-19	In-Country Supply Chain		Risk mitigation is progressing but there are also some material delays.	
2 As of Q4 2018 processes have been developed to report on product availability (KPI 6b) on a quarterly basis for 16 countries. Product availability data will be used for target setting and development of impact-focused improvement plans.	Underway	Dec-19	In-Country Supply Chain			
3 Begin collection of data on KPIs for inventory turns; which will provide evidence-based insight about root causes and progress.	Underway	Jun-19	In-Country Supply Chain			
4 Catalytic funding for supply chain innovation to identify technology-driven solutions such as drones or product tracking systems, that can eventually be deployed to address in-country challenges.	Underway	Dec-20	In-Country Supply Chain			
5 Global Fund procured products to carry GS1 bar codes that comply with standards aligned between Global Fund and partners, improving visibility and traceability of health products.	Planned	Dec-19	In-Country Supply Chain			
6 See also controls and mitigations in development or planned for Procurement risk, specifically #4 and #6.						
Additional activities	Next steps					
1 Supply Chain and GMD to jointly define a process to clarify and improve engagement between the two groups and better leverage technical input on issues related to in-country supply chain, including KPI collection and supply chain transformation.						

5. Grant-Related Fraud & Fiduciary

5. Grant-Related Fraud & Fiduciary						
Risk description				Risk owner	Finance	
Misuse of funds due to wrongdoing and inadequate financial/fiduciary control, including for procurement practices.	Residual risk	Moderate		IRM category	Financial & Fiduciary Risks	
	Risk appetite	Moderate		Change since last quarter	No change	
Risk impact	Target risk	Moderate		Direction of travel	Steady	
Fraud and weaknesses in internal control environments can result in financial losses that affect value for money and lead to inadequate program coverage, execution and suboptimal impact against the diseases, as well as causing reputational damage.	Target risk timeframe	Not applicable		GF ability to mitigate	Significant ability	★★★★
	Key Partners					
N/A						
Root causes	Key countries					
1 Budget with presence of significant-activities prone to misuse	Top 25 countries by allocation amount					
2 Weak PR management	Nigeria	Zimbabwe	Kenya	Indonesia	Ghana	Sudan
3 Weaknesses in PR and SR internal control frameworks	Tanzania	Uganda	South Africa	Côte d'Ivoire	Cameroon	Viet Nam
4 Weak bank and cash management procedures	DRC	Malawi	Zambia	Rwanda	Bangladesh	Ukraine
5 Weak SR oversight	Mozambique	Ethiopia	Myanmar	Pakistan	Burkina Faso	Mali
6 Weak ethical environment	India					
Current controls & mitigations			Assurances			
1 Provision of oversight and monitoring of grant-level financial assurance plans across the portfolio by the Regional Finance Managers and Financial Risk Team.			1 LFA reports			
2 Strengthening of fiduciary controls including over procurement such as the use of Pooled Procurement Mechanism or outsourcing of procurement to third-party procurement agents for Non-Health and Health Products procurement during grant design and implementation.			2 External audit reports			
3 Use of Fiduciary/Fiscal Agents in selected high risk countries at PR and/or SR levels including fraud specialist and monitoring the performance of the Fiscal Agent by the Regional Finance Manager and Financial Risk Team.			3 Internal audit reports			
4 Financial Control Environment Review pilot recommendations and cross cutting Agreed Management Actions jointly monitored by Risk Department and FISA.			4 OIG Reports			
5 Effective implementation of Financial Guidelines (e.g. Financial risk management, Budgeting and Financial reporting guidelines) for Country Teams and implementers.						
6 Support to implementers in the optimization and use of innovative cost-efficient technological approaches, such as mobile money and mobile device solutions, for financial management risk mitigation.						
7 Pre-qualification of professional service providers for technical assistance toward effective capacity building and fraud risk management at the implementer level.						
Controls & mitigations in development or planned			Category	Target completion (MM/YY)	Mitigation owner - department	Overall status
1	Roll-out revised financial audit Terms of Reference emphasizing risk based assessment of PR internal controls. Reflection on a differentiated approach for external auditor is ongoing. Updated audit guidelines are expected for June 2019 and should be used for grant audits covering the financial year 2018 onward.		Underway	Jun-19	FRAT	Risk mitigation is progressing but there are also some material delays.
2	Develop and implement anti-Fraud Risk Guidelines to provide guidance to Country Teams on how to manage financial fraud.		Underway	Jun-19	FRAT	
3	Assess effectiveness of the fiscal agent model and develop a robust transition approach (including impact analysis) for removal of fiscal agents based on the recently approved risk appetite framework.		Planned	Sep-19	FRAT	
4	Enhance the governance and oversight in the process to change of implementers (PRs) and the financial risk and assurance model for IOs/INGOs in order to enhance the financial assurance and effectiveness of mitigating measures.		Planned	Sep-19	FRAT	
5	Develop and implement new Integrity Due Diligence policy and framework for selection and monitoring of implementers, suppliers and other third party agents. The framework is already up and running with PSE. Sourcing for high value tenders is the next area of focus. Roll out is due to complete, covering all third parties, by end 2019.		Underway	Dec-19	Ethics	
6	A systems-based non-compliant (misappropriation, unsupported, ineligible, and other) data collection tool has been built. The tool, once rolled out, is expected to help provide, an early warning for fraud identification.		Planned	Jun-19	Treasury	
Additional activities			Next steps			

6. Accounting & Financial Reporting by Countries

Risk description			Risk owner	Finance		
Incomplete, incorrect, delayed or inadequately supported financial records by PRs or SRs due to inadequate financial management systems.	Residual risk	Moderate	IRM category	Financial & Fiduciary Risks		
	Risk appetite	Moderate	Change since last quarter	No change		
Risk impact	Target risk	Moderate	Direction of travel	Steady	→	
Misallocation of resources; reduced grant coverage, performance and impact	Target risk timeframe	Not applicable	GF ability to mitigate	Moderate ability	★★★	
	Key Partners					
Root causes	The World Bank and US Government agencies have a moderate ability to mitigate the risk of poor Accounting & Financial Reporting by Countries. Additional Partners: International Professional Accounting Bodies and Supreme Audit Institutions (SAD).					
1 Inadequate human resource capacity	Key countries					
2 Weak financial reporting processes						
3 Weak or nonexistent financial management systems						
	Top 25 countries by allocation amount					
	Nigeria	Zimbabwe	Kenya	Indonesia	Ghana	Sudan
	Tanzania	Uganda	South Africa	Côte d'Ivoire	Cameroon	Viet Nam
	DRC	Malawi	Zambia	Rwanda	Bangladesh	Ukraine
	Mozambique	Ethiopia	Myanmar	Pakistan	Burkina Faso	Mali
	India					
Current controls & mitigations	Assurances					
1 Integrated approach to capacity strengthening and in-country risk reviews instituted through joint assessments/deep dives of implementers by Co-Link, Risk Department and Financial Risk & Assurance Teams with an objective to assess root causes and effectiveness of mitigating measures at country level.	1	LFA Reports				
2 Co-Link initiative action plans in place and implemented in at least 19 High Impact and Core countries by 2018 for strengthening implementers' financial management capacity in People, Processes, and Systems and demonstrating the use of country or donor-harmonised systems for financial management, in accordance with SO2g agreed targets. - At least 80% of the agreed action plans from 2017 have been completed in 13 out of 16 targeted countries for routine financial management strengthening.	2	External Audit Reports				
3 Continuous monitoring of outcomes of assessment of implementers in financial management (via the FMIR tool targeting High Impact and core countries) and reporting on improvements, or otherwise, across 6 key financial management areas including financial absorption as part of supporting optimal grant management by implementers.	3	Internal Audit Reports				
	4	OIG Reports				
Controls & mitigations in development or planned	Category	Target completion (MM/YY)	Mitigation owner - department	Overall status		
1 Optimization of the cash management processes and foreign exchange risk exposure through the roll-out of a Multi-Currency Disbursement approach for grant implementation	Underway	Jun-19	Program Finance	Risk mitigation is on track. There are no material delays.		
2 Expansion of the Ecobank project on knowledge management and experience-sharing among grant implementers in selected Anglophone and Francophone countries	Planned	Dec-19	Program Finance			
3 Co-link initiative action plans in place and implemented in at least 13 additional high impact & core countries for strengthening implementers' financial management capacity, including demonstrating the use of country or donor-harmonised systems for financial management as per SO2g targets: - Achieve at least 80% action plan completion on routine financial management strengthening in at least 10 countries - Demonstrate in 3 countries the use of at least 6 components of country or donor-harmonised systems for financial management of Global Fund grants (This brings the cumulative target by 2019 to 32 countries (26 on routine financial management strengthening and 6 on country/donor-harmonised systems' use for financial management).)	Underway	Dec-19	Program Finance			
Additional activities						
Next steps						

7. National Program Governance & Grant Oversight

Risk description				Risk owner	GMD																															
Inadequate national program governance, Principal Recipient (PR) oversight of grants, and non-compliance with Global Fund requirements for the effective management of grants.	Residual risk	Moderate		IRM category	Governance, Oversight & Management Risks																															
	Risk appetite	Moderate		Change since last quarter	No change																															
Risk impact	Target risk	Moderate		Direction of travel	Steady	→																														
	Target risk timeframe	Not applicable		GF ability to mitigate	Moderate ability	★★★																														
Key Partners																																				
Bilateral donors such as the US and France provide focused technical assistance to PRs on grant management.																																				
Key countries																																				
Top 25 countries by allocation amount																																				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 16.6%;">Nigeria</td> <td style="width: 16.6%;">Zimbabwe</td> <td style="width: 16.6%;">Kenya</td> <td style="width: 16.6%;">Indonesia</td> <td style="width: 16.6%;">Ghana</td> <td style="width: 16.6%;">Sudan</td> </tr> <tr> <td>Tanzania</td> <td>Uganda</td> <td>South Africa</td> <td>Côte d'Ivoire</td> <td>Cameroon</td> <td>Viet Nam</td> </tr> <tr> <td>DRC</td> <td>Malawi</td> <td>Zambia</td> <td>Rwanda</td> <td>Bangladesh</td> <td>Ukraine</td> </tr> <tr> <td>Mozambique</td> <td>Ethiopia</td> <td>Myanmar</td> <td>Pakistan</td> <td>Burkina Faso</td> <td>Mali</td> </tr> <tr> <td>India</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>							Nigeria	Zimbabwe	Kenya	Indonesia	Ghana	Sudan	Tanzania	Uganda	South Africa	Côte d'Ivoire	Cameroon	Viet Nam	DRC	Malawi	Zambia	Rwanda	Bangladesh	Ukraine	Mozambique	Ethiopia	Myanmar	Pakistan	Burkina Faso	Mali	India					
Nigeria	Zimbabwe	Kenya	Indonesia	Ghana	Sudan																															
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DRC	Malawi	Zambia	Rwanda	Bangladesh	Ukraine																															
Mozambique	Ethiopia	Myanmar	Pakistan	Burkina Faso	Mali																															
India																																				
Current controls & mitigations																																				
1 Unclear lines of authority and responsibility from national to subnational levels to implement disease strategies																																				
2 Ineffective planning, budgeting, implementation and supervision performed by national disease programs																																				
3 Insufficient prioritization of financial and human resources allocation to disease programs by national and subnational governments																																				
4 Suboptimal collaboration between PRs, national disease programs, government and non-government stakeholders																																				
5 Absence of human resource capacity development plans and consequent gaps in health staff training for the delivery of health services																																				
6 Ineffective government oversight over the implementation of the disease strategies by national programs																																				
7 Inadequate PR management and reporting capacity																																				
8 Inadequate processes for SR selection and limited SR oversight																																				
9 Suboptimal human resource capacity at the PR level																																				
10 Ineffective or absent internal controls at the PR level																																				
11 Inadequate policies, processes, procedures, tools and protocols to identify and mitigate risks at PR and SR level																																				
Assurances																																				
1 PR selection, prior to Technical Review Panel and Grant Approvals Committee approval, that meet Global Fund minimum standards for internal controls and capacity.	1 External audit reports																																			
2 Implementation arrangement mapping conducted for all new grants.	2 LFA spot checks reports																																			
3 Grant making actions specifically to address implementation and capacity challenges prior to grant signing.	3 Review design and/or effectiveness of the internal control environment																																			
4 Grant implementation monitoring focusing on oversight and supervision done by government entities and national disease programs respectively.	4 Joint programmatic, supply chain and financial spot checks																																			
5 Financial Risk and Assurance Plans for all High Impact and Core countries completed.																																				
6 Assessment of financial management improvements in High Impact and Core portfolios using the Financial Management Impact Review (FMIR).																																				
7 Comprehensive assurance plans developed for all High Impact and Core portfolios highlighting agreed upon mitigating actions to address national program governance and grant oversight.																																				
8 Updated Operational Policy Notes released for differentiated risk management across the grant lifecycle; strengthened assurances with additional resources made available to country teams allowing improved Global Fund oversight and compliance monitoring.																																				
9 Integrated Risk Management Module rolled out to ensure better analysis of PR oversight and management of risks and the identification and roll out of mitigating actions to improve overall implementer capacity as well as national program governance.																																				
Controls & mitigations in development or planned																																				
			Category	Target completion (MM/YY)	Mitigation owner - individual	Overall status																														
1 Develop, test and implement initiatives aimed at improving implementer capacity, internal controls, risk management and overall PR management processes for improved grant-oversight.	Underway	Dec-21	Risk		Risk mitigation is on track. There are no material delays.																															
2 Development and roll out of front line risk management approach	Underway	Dec-20	Risk																																	
3 12 country engagements over 3 years for enhanced due diligence of key implementer staff and key assurance providers.	Planned	Dec-21	Ethics																																	
Additional activities																																				
Next steps																																				

8. Quality of Health Products

Risk description			Risk owner	GMD		
Patients exposed to health products of substandard quality; i.e. health products (purchased by Global Fund-supported programs) that are not safe, effective and/or of good quality.	Residual risk	Moderate-low	IRM category	Health Product Management & Supply Chain		
	Risk appetite	Moderate	Change since last quarter	Reduced since last quarter		
Risk impact	Target risk	Moderate	Direction of travel	Steady	➔	
Substandard quality resulting in poor health outcomes for patients, including death or morbidity; increased drug resistance; and reduced impact of Global Fund investments.	Target risk timeframe	Not applicable	GF ability to mitigate	Moderate ability	★★★	
	Key Partners					
Root causes	Agencies of the US Government, World Bank, World Health Organization and GAVI have a minor to moderate ability to mitigate health product quality risk.					
Key countries						
Top 20 countries by commodity budget						
1 Weaknesses in the upstream HP lifecycle (incl. limitations in market authorization mechanisms), leading to entry of inadequate HPs in the market;	Nigeria	Uganda	Malawi	Cameroon	Burkina Faso	Sudan
2 Procurement of substandard health products i.e. procurements outside the list of commodities which are WHO prequalified I/ Expert Review Panel (ERP) recommended;	India	Tanzania	Ghana	Myanmar	Côte d'Ivoire	Guinea
3 Weak supply chain systems that control, monitor and maintain product quality throughout the in-country supply chain;	Mozambique	Kenya	Zambia	Ukraine	Viet Nam	Pakistan
4 Weaknesses in downstream in-country QA mechanisms, including gaps in national pharmacovigilance and post-market surveillance	Ethiopia	DRC				
5 Lack of good dispensing practices						
Current controls & mitigations	Assurances					
1 Implementation of Global Fund Quality Assurance (QA) policies for pharmaceutical and diagnostic products. Continuous improvement of the QA Policy based on evolving needs.	1 Review of in-country quality monitoring activities					
2 Procurement through PPM (~59% of the HP spend), and UN agencies (~21%), providing increased assurance that products meet internationally recognized standards of quality.	2 Other relevant activities from the 15 supply chain assurance activities outlined in Risk and Assurance toolbox					
3 Implementation of country-specific Quality Assurance/Quality Control plans using grant funds to monitor product quality throughout the in-country supply chain as per grant requirements	3 Verification of product eligibility within procurement transactions through PQR					
4 Many grants support supply chain strengthening and logistics operations, in particular storage and distribution which indirectly contribute to maintaining product quality by ensuring compliance with best practices.						
5 Targeted RSSH investments for strengthening selected countries' pharmacovigilance systems in order to identify and take appropriate action in response to adverse reactions.						
6 MoU signed with the United States Pharmacopeia (USP) for facilitating access to technical assistance in quality assurance/quality control for implementers and national labs in coordination with USAID						
7 Ongoing operationalization of WHO coordinated Expert Review Panel (ERP), providing advice to aid procurement decisions regarding pharmaceutical products not yet WHO-prequalified or SRA-authorized.						
8 Coordination with partners, manufacturers, and stringent regulatory mechanisms to issue information notes on quality or safety issues related to products that have been procured with Global Fund funds.						
9 Ongoing engagement with partners and other donors to ensure alignment of quality standards.						
Controls & mitigations in development or planned	Category	Target completion (MM/YY)	Mitigation owner - department	Overall status		
1 The Secretariat will clarify the Secretariat's Quality Assurance mandate, including the necessary activities, roles and responsibilities, in turn supporting implementation of actionable quality assurance plans.	Underway	Jun-19	Quality Assurance Team	Risk mitigation is progressing but there are also some material delays.		
2 Use of catalytic funding to strengthen WHO technical capacity to conduct prequalification of diagnostics and vector control products, supporting market entry of innovative products.	Underway	Dec-20	Quality Assurance Team			
3 Catalytic funding and coordination with partners to strengthen WHO technical assistance; TA will focus on pharmacovigilance for innovative medicines and market control activities for diagnostic products at central and regional levels, improving local capacity to identify quality/safety issues in these specialized areas.	Underway	Dec-20	Quality Assurance Team			
4 Strengthen regulatory capacity to authorize and monitor pharmaceutical products, with particular focus on countries that manufacture products for LMICs for local supply (including support for transitioning countries).	Underway	Dec-20	Quality Assurance Team			
5 Support publication of tools, norms and guidelines that set recommended standards to be met by procurement agencies and regulatory bodies, building capacity of local entities to ensure procured products are safe and effective.	Planned	Dec-20	Quality Assurance Team			
6 Upgrade non-compliance database to more effectively consolidate instances of non-compliance with the Global Fund QA policy in an effective way that allows performance tracking and prioritization of high-risk countries/grants.	Planned	Jun-19	Quality Assurance Team			
7 Development of procedures to investigate, identify and remove ineffective or dangerous products from the market.	Planned	Jul-19	Quality Assurance Team			
8 See also controls and mitigations in development or planned for In-Country Supply Chain risk, specifically #1 and #5.						
Additional activities	Next steps					
1 Embedding QoHP risk management in supply chain transformation						

9. Human Rights & Gender Inequality

Risk description		Risk owner		CRG			
Human rights and gender related barriers, including stigma and discrimination, limit access to health services for key and vulnerable populations.		Residual risk	High	IRM category	Programmatic & M&E		
		Risk appetite	Not applicable	Change since last quarter	No change		
Risk impact		Target risk	Not applicable	Direction of travel	Steady →		
		Target risk timeframe	Not applicable	GF ability to mitigate	Minor ability ★★		
Key Partners							
Root causes		UN, Bilateral, Foundation and Civil Society partners provide advocacy support					
1 Harmful and / or discriminatory social and cultural practices place key and vulnerable populations at increased risk of contracting HIV, TB and malaria and limit their access to health services 2 Gender and age related norms and stereotypes affect access to services, and how these are delivered. 3 Limited political will and leadership to address human rights and gender related barriers prevents appropriate interventions from being incorporated into programs, and their implementation. 4 Harmful laws, regulations, policies, or practices hinder access to services for key and vulnerable populations. 5 Limited understanding of how failure to address barriers reduces the impact of the response, and which programs are effective at reducing barriers, prevents incorporation of programs to reduce these barriers. 6 Limited recognition of the specific and unique expertise key and vulnerable populations have in contributing to effective programming. 7 Country capacity and/or unwillingness to collect and analyze gender and age disaggregated data, and data on key and marginalized communities, hinders the development and implementation of interventions that act to remove barriers for these communities.		Key countries					
		2 cohorts: 20 HR (black text) & 13 AGYW countries (blue text). Overlap countries are shown in bold .					
		Lesotho	Uganda	Namibia	Cameroon	Kyrgyzstan	Ukraine
		Tanzania	Malawi	Indonesia	Senegal	Tunisia	Ghana
		DRC	Botswana	Côte d'Ivoire	Benin	Sierra Leone	
		Mozambique	Kenya	Honduras	Nepal	Zamiba	
		Swaziland	South Africa	Jamaica	Philippines	Zimbabwe	
Current controls & mitigations		Assurances					
	Human Rights	1 TERG Evaluation on programs for adolescent girls and women					
1	Program Design: Matching funds for programs to remove human rights related barriers in 20 intense effort countries approved and being monitored; guidance and information notes on addressing human rights developed and disseminated.	2 Regular reporting on progress on KPIs 5, 8 and 9					
2	Data: Baseline assessments of human rights related barriers to services being undertaken; tool developed to analyze responsiveness of national malaria programs' to barriers related to human rights, gender and key populations (i.e.-the Malaria Matchbox Tool); national legal environment assessments being undertaken in joint GF and Stop TB priority countries.	3 OIG country audits					
3	Program implementation: Programs to remove human rights related barriers aligned with 5 year plans in 20 countries in consultation with key actors, demonstrating commitment and leadership in implementation; human rights components of grants being developed; OIG human rights complaints procedure in place providing an avenue for reporting on violations in context of GF investments; Secretariat human rights crisis response protocol in place.						
4	Capacity building: Training for country teams on addressing human rights related barriers and learning community established; Human Rights Monitoring and Evaluation expert group providing guidance on impact measurement of programs to remove human rights related barriers; collaboration with UNAIDS at HQ to reduce human rights related barriers through targeted technical assistance.						
	Gender Inequality						
5	Program design, implementation and monitoring: Matching funds for programs to reduce HIV incidence amongst AGYW in 11 out of 13 countries approved and being monitored for program quality and effectiveness. Guidance and information notes on using sex/age disaggregated data for decision making, and addressing gender related barriers to services, developed and disseminated.						
6	Data: Matching funds to improve data quality, including sex and age disaggregated data capacity combined with direct technical support for country programs, approved.-Malaria Matchbox piloted in India, and underway in Niger and Somalia; consolidated tool with RBM and preparing November soft launch. Consolidated CRG assessment tools with Stop TB; roll out underway in 11 countries.						
7	Capacity building: Training for Secretariat staff on key issues including data analyses and gender responsive programming; Prevention and AGYW advisors embedded in GMD to increase technical assistance and coordination with implementing partners in 13 priority countries; MOU agreed with UNICEF and WHO to develop targeted TA program and coordinate with technical partners on lessons learned; continuous training for Secretariat staff on key issues including data analyses and gender responsive programming.						
	Meaningful engagement						
8	Direct investment in long term capacity development programs for networks and organizations of key and vulnerable populations, including HER Voice fund giving more than 50 small grants for AGYW engagement; coordination and funding of TA program specifically focused on supporting key and vulnerable populations to access short term expertise via CRG Strategic initiative.						

9. Human Rights & Gender Inequality

Controls & mitigations in development or planned		Category	Target completion (MM/YY)	Mitigation owner - department	Overall status
Human Rights					
1	Differentiated support to middle income countries to increase investments to reduce human rights related barriers.	Underway	Dec-22	CRG	Risk mitigation is progressing but there are also some material delays.
2	Differentiated support to selected countries to assess domestic investment to reduce human rights related barriers and to support increases in investments.	Planned	Dec-22	CRG	
3	Mid and end term assessments of progress made in, and impact of, intensive efforts in 20 countries to reduce human rights related barriers.	Planned	Dec-22	CRG	
4	Formalize collaboration agreement with UNDP to strengthen coordination in the scale up of programs to remove human rights related barriers	Underway	Jun-19	CRG	
5	Strengthen awareness of OIG human rights complaints procedure amongst key and vulnerable populations	Underway	Jun-19	OIG	
6	Assessment of effectiveness of integration of human rights considerations into grant life cycle and policy making processes, and identification of opportunities for strengthening	Underway	Jun-19	CRG	
Gender Inequality					
7	Refinement of Goals model, working with Avenir Health, to take into account sex/age disaggregation to support investment analysis, including support to national/regional level workshops	Underway	Apr-19	SI/CRG	
8	2 workshops to agree implementation approach to strengthen program quality and effectiveness in 13 AGYW countries (one completed in 2018 Q4, second in 2019 Q3)	Underway	Jun-19	CRG	
9	Workshop with implementers to strengthen quality and scale of GBV programs in COEs work for priority contexts across West Africa	Planned	Dec-19	CRG	
10	Mobilize technical assistance to countries to support country investment in HMIS in relation to gender and age disaggregated data	Underway	Dec-19	MECA	
11	MECA Thematic review focusing on GBV in-COEs.	Underway	Jun-19	MECA	
Additional activities		Next steps			
1	Strengthen Secretariat capacity to understand how human rights related barriers impact on access to services and integration of programs and approaches to mitigate these impacts – including GMD training, support for dedicated Human Rights staff in GMD, and negotiation of secondments				
2	Embed, operationalize and systematize the approach to addressing gender inequality through mainstreaming the use of sex and age disaggregated data in grant design, implementation and re-programming through improved program and data quality.	Initiate cross-departmental discussion including CRG, TAP and GMD to agree the approach to integration.			
3	Create additional capacity within country teams to analyze and respond to gender and age disaggregated data				

10. Transition

Risk description			Risk owner	GMD	
Countries are unable to sustain and scale impact when they transition towards full domestic financing and program implementation of the national disease response.	Residual risk	High	IRM category	Cross-cutting	
Risk impact	Risk appetite	Not applicable	Change since last quarter	No change	
Unsuccessful transition can result in, amongst other things, service disruption or lack of continuity of services (especially for key and vulnerable populations), inability to continue to scale service provision in line with global and national targets, a reduction in the quality of services provided (including access to quality assured and affordable health products and commodities), and limited ability of existing national civil society and community organizations to sustain programs and build capacity without external financing. As a result, the three diseases could remain public health threats in countries no longer eligible for Global Fund support or a continued epidemiological challenge could threaten the past gains of GF and national financing.	Target risk	Not applicable	Direction of travel	Steady	→
	Target risk timeframe	Not applicable	GF ability to mitigate	Minor ability	★★
Key Partners					
Development banks, the World Health Organization, UNAIDS, civil society organizations, private foundations (such as OSF in Eastern Europe) and others.					
Key countries					
Under the Sustainability, Transition and Co-Financing (STC) Policy, all Upper Middle Income Countries (UMIC) and Lower Middle Income Countries (LMIC) with less than high disease burden are considered "Transition Preparedness" priorities. This is a cohort of approximately 79 disease components (including those receiving transition funding), representing approximately ca. 850 million dollars of the Global Fund allocation. In addition, 32 disease components within this transition preparedness cohort are projected to fully transition from Global Fund financing during or prior to the 2023-2025 allocation cycle. Of these 32 components, 12 disease components are currently receiving transition funding in the 2017-2019 allocation cycle.					
Current controls & mitigations					
Assurances					
¹ Embedding STC Principles and Practices through the operationalization of the STC policy —including (but not limited to): a) publication of STC Guidance Note and ongoing strengthening of guidance on sustainability and transition; b) updated OPN on co-financing and setting co-financing incentive amounts for 2017-2019 allocation period; c) annual publication of transition projections document; d) updated Access to Funding processes to strengthen sustainability and transition focus; e) development and ongoing implementation of Transition Readiness Assessments and equivalents; f) development of a "social contracting" diagnostic to assess sustainability of civil society supported service implementation, and ongoing activities to strengthen public financing of civil society service provision; g) Leveraging funding requests and grant making, on an ongoing basis, to integrate transition preparedness measures and strengthen transition planning for UMICs and LMICs with less than high disease burden; h) Incorporation of transition preparedness considerations into CCM Evolution initiative; i) Development and AFC endorsement of structured approach to innovative finance and Framework for Investments in Blended Finance.			¹ Transition Readiness Assessments; Co-financing compliance monitoring; Ongoing review of transition preparedness activities in GAC review of grants		
² Addressing transition challenges and supporting transition planning, including with technical assistance -- 1) Operationalization of Strategic Initiative for Sustainability, Transition and Efficiency (STE) and ongoing implementation, with a specific component focused on "transition preparedness" activities and transition planning; 2) Accelerating country and regional level transition planning through implementation of transition readiness assessments (and equivalents), transition work plans, as well as country and regional specific transition planning; 3) Supporting sustainable financing of civil society service provision through strengthened social contracting via Technical Assistance, including with partners; 4) Ongoing efforts to strengthen expenditure tracking in priority countries.			² TERG STC Review		
³ Strengthened organizational focus and Secretariat coordination on transition and STC -- including: a) placement of an STC Senior Project Lead, b) embedding sustainability / transition specialists into AELAC, c) addition of a Health Financing Manager and strengthened resources for health financing team, d) integration of STC considerations into performance objectives of GMD staff; and e) development of cross-departmental work-plan on STC, including a focus on transition planning and transition preparedness.			³ OIG audit on Transition		
⁴ Strategic Partnerships -- 1) Strengthen engagement and collaboration on sustainability and transition planning with development partners, including (but not limited to) UNAIDS, USAID, GIZ, OSF, WHO; 2) intensify health financing collaborations with partners, particularly with GAVI, GFF, WB, Regional Development Banks, and other relevant agencies, with a focus on country level implementation; 3) Ensure high quality engagement with civil society and community groups to effectively engage in and support the STC agenda, including demand generation for STC specific TA via the CRG Strategic Initiative					
⁵ Enhanced STC and transition capacity - including: 1) Addition of Strategic Information and Sustainable Financing (SISF) experts to the TRP to increase focus of review on domestic financing, health financing, sustainability, and transition; 2) Internal grant-making trainings on sustainability and Transition Preparedness during 2017-2019 allocation launch; 3) Launch and ongoing implementation of STC Course for Secretariat staff, and approval of STC Training plan; 4) Piloting of external STC capacity building activities with partners;					
Controls & mitigations in development or planned					
	Category	Target completion (MM/YY)	Mitigation owner - department	Overall status	
¹ Embedding STC Principles and Practices through the operationalization of the STC policy -- Strengthen STC Guidance to further enable internal and external stakeholders to support sustainability and foster successful transitions	Underway	Dec-19	STC	Risk mitigation is on track. There are no material delays.	
² Embedding STC Principles and Practices through the operationalization of the STC policy -- Completion of final Agreed Management Action resulting from the OIG's transition management audit, related to strengthening monitoring of transition grants.	Underway	Mar-19	SIID		
Addressing specific transition challenges -- Strengthen focus on strategies for alleviating procurement challenges in contexts where governments are assuming a greater role in the procurement of essential health products, including the roll-out of the Strategic Initiative for Pre-Qualification of medicines related to quality assurance and ongoing implementation of the Wambo pilot.					
³ i. As part of the GAC approved Strategic Initiative for Pre-Qualification of medicines, updated guidance published for "operational principles of good pharmaceutical procurement".	Planned	Dec-19	Sourcing and Supply Chain		
ii. Countries selected and action plans approved for support on procurement and supply chain systems strengthening. Pilots to be run in 2 countries by December 2019	Planned	Dec-19	Sourcing and Supply Chain		
Additional activities					
Next steps					

11. Drug & Insecticide Resistance

Risk description			Risk owner	TAP																															
Increased resistance to drugs and insecticides used to fight the three diseases can lead to increased morbidity and mortality. Inconsistent treatment regimens, low quality pharmaceuticals, and interruptions in health product supply foster drug resistance that threatens public health. Insecticide resistance on the other hand is the risk that the effectiveness of existing insecticide-based vector control tools are undermined by the increasing development of mosquitoes resistance to insecticides used in long-lasting treated nets (LLINs) and indoor residual spraying (IRS)	Residual risk	High	IRM category	Programmatic & M&E																															
	Risk appetite	Not applicable	Change since last quarter	No change																															
	Target risk	Not applicable	Direction of travel	Steady																															
	Target risk timeframe	Not applicable	GF ability to mitigate	Moderate ability	☆☆☆																														
Risk impact	<p>Drug resistance can lead to treatment failures and heightened disease burdens across portfolios, negatively impacting the Global Fund mission and investments. The development of resistance to insecticides used in LLINs and IRS diminishes the effectiveness of vector control tools which have been critical in interrupting transmission and can negatively impact investments in Malaria control.</p>																																		
Root causes	<p>Root Causes of Drug Resistance include: (a) insufficient financing for effective response activities; (b) inadequate diagnostics and poor treatment adherence; (c) poor quality health products; (d) instability of drug supply; (e) undertrained public health workers and inappropriate use of drugs</p> <p>Root Causes of Insecticide Resistance include: (a) insufficient financing to procure new vector control tools; (b) inadequate and inconsistent insecticide resistance monitoring and surveillance; (c) insufficient data on IR and in-country capacity to collect and analyze data; (d) lack of a clear framework to define and guide how and what is sufficient capacity for entomology and vector control monitoring and implementation</p>																																		
Current controls & mitigations	<p>1 Global Fund Quality Assurance policies for finished pharmaceutical products & diagnostics help ensure products meet efficacy standards; this reduces the risk of drug resistance.</p> <p>2 WHO normative guidance regarding appropriate treatment guidelines and protocols in place; Global Fund support for implementation of new WHO guidelines regarding Drug Resistant Tuberculosis and for the development of national insecticide resistance management strategies.</p> <p>3 Malaria: Regional Artemisinin Resistance (RAI) program in the Greater Mekong Sub-region, working towards malaria elimination in the region.</p> <p>4 Global Fund support for the WHO Innovation to Impact (I2I) Initiative; I2I works to develop and deliver new vector control products to stay ahead of resistance.</p> <p>5 Significant ongoing attention to ensure the quality and efficiency of grant-funded services (within current budget limitations and leveraging partners as needed); effective treatment and prevention reduce opportunities for drug and insecticide resistance to develop.</p> <p>6 Global Fund grants support countries to implement changes in drug policy when necessary; accelerated uptake of innovation to maximize value for money (e.g. change to DTG for treatment of HIV, shorter TB regimens, next generation of bed nets)</p> <p>7 Malaria: Global Fund grant support for behaviour change communication, fixed dose combination therapies and support programs to improve patient adherence to antimalarial treatment.</p> <p>8 Global Fund grant support for work with local communities and private sectors to find missing TB cases and ensure funding requests include insecticide resistance monitoring.</p> <p>9 Improving surveillance and enhancing capacity for public health entomology in malaria endemic countries to inform vector control strategies and track their impact on malaria transmission across the portfolio, focusing on the 10 highest burden countries.</p>																																		
Key Partners	WHO, RBM, US Government agencies, the World Bank, the Alliance for Malaria Prevention, and the Innovative Vector Control Consortium are key partners in mitigating the risk of Drug and Insecticide Resistance.																																		
Key countries	<p style="text-align: center;">Top 25 countries by allocation amount and catalytic investments* (new LLINs)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>Nigeria</td><td>Zimbabwe</td><td>Kenya</td><td>Indonesia</td><td>Ghana</td><td>Sudan</td></tr> <tr> <td>Tanzania</td><td>Uganda</td><td>South Africa</td><td>Côte d'Ivoire</td><td>Cameroon</td><td>Viet Nam</td></tr> <tr> <td>DRC</td><td>Malawi</td><td>Zambia</td><td>Rwanda*</td><td>Bangladesh</td><td>Ukraine</td></tr> <tr> <td>Mozambique*</td><td>Ethiopia</td><td>Myanmar</td><td>Pakistan</td><td>Burkina Faso*</td><td>Mali*</td></tr> <tr> <td>India</td><td>Benin*</td><td></td><td></td><td></td><td></td></tr> </table>					Nigeria	Zimbabwe	Kenya	Indonesia	Ghana	Sudan	Tanzania	Uganda	South Africa	Côte d'Ivoire	Cameroon	Viet Nam	DRC	Malawi	Zambia	Rwanda*	Bangladesh	Ukraine	Mozambique*	Ethiopia	Myanmar	Pakistan	Burkina Faso*	Mali*	India	Benin*				
Nigeria	Zimbabwe	Kenya	Indonesia	Ghana	Sudan																														
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DRC	Malawi	Zambia	Rwanda*	Bangladesh	Ukraine																														
Mozambique*	Ethiopia	Myanmar	Pakistan	Burkina Faso*	Mali*																														
India	Benin*																																		
Assurances	<p>1 Supply chain diagnostics in twenty prioritized countries to gain insight into stability of drug supply</p> <p>2 Reports from LFA spot checks</p> <p>3 Technical partner reports</p> <p>4 Drug resistance surveillance reports</p> <p>5 Five in-country deep-dives designed to validate country supply chain segmentation (completed)</p> <p>6 Therapeutic efficacy studies (with Global Fund resources and/or other sources of funding)</p> <p>7 WHO Insecticide resistance 'threats maps'</p>																																		
Controls & mitigations in development or planned	Category	Target completion (MM/YY)	Mitigation owner - department	Overall status																															
1 Global Fund support for implementation of new WHO guidelines for drug-resistant TB, including short regimens for multidrug-resistant TB (MDR-TB) and new drugs; updated Green Light Committee (GLC) MoU for MDR-TB (new simplified and central payment mechanism for GLC payments from TB grants); and support for the scale-up of new diagnostics for rapid detection of TB/DR-TB cases, as well as new drugs.	Underway	Dec-20	TAP	<div style="background-color: #92D050; width: 10px; height: 10px; display: inline-block; margin-right: 5px;"></div> Risk mitigation is on track. There are no material delays.																															
2 TB: Catalytic Investment initiative to support identification of missing cases (prompt and effective treatment helps reduce the risk of resistance), including: - US\$115 million in matching funds to support country-led programs to find missing cases; - US\$10 million Strategic Initiative to help technical partners develop tools based on best practices; - US\$65 million multi-country investment for programs focused on migrant and cross-border issues, the mining sector, refugees, improved laboratory services, and transition to domestically funded health programs.	Underway	Dec-20	TAP																																
3 Reward innovation of new vector control tools (LLINs and IRS) that have enhanced effectiveness in areas with pyrethroid resistance by: - encouraging exploratory deployment and roll out to appropriate settings as indicated by the emerging global evidence-base and supported by the iterative process of normative guidance development, and - covering the cost differential relative to existing tools and the associated need for enhanced monitoring through a special initiative.	Underway	Dec-20	TAP																																
4 HIV: Implementation of the new Global Action Plan for drug resistance (2017-21) developed under the leadership of WHO, in collaboration with CDC, PEPFAR and the Global Fund.	Underway	Jan-21	TAP																																
Additional activities	Next steps																																		

12. Foreign Exchange

Risk description			Risk owner	Finance	
Foreign exchange volatility tied to net FX exposures faced by the Global Fund.	Residual risk	Moderate-low	IRM category	Not applicable	
Risk impact	Risk appetite	Moderate-low	Change since last quarter	No change	
Financial losses due to currency fluctuations from existing FX exposures which reduce the amount of funds that can be invested in grants and initiatives (as part of a broader ALM process). Insufficient liquidity available to meet short and long-term cash needs. Delayed disbursements also affected by currency fluctuations.	Target risk	Moderate-low	Direction of travel	Steady	→
	Target risk timeframe	Not applicable	GF ability to mitigate	Significant ability	★★★★
Root causes	Key Countries/Components				
1 Foreign Exchange (Fx) market volatility	N/A				
2 Assets and Liabilities Management (ALM) changes (i.e. donor pledges or grant commitment changes leading to different FX exposures)					
3 Internal operational risk:					
- Poor Fx limit management (Fx Policy) - Poor Fx execution - Model risk					
Current controls & mitigations	Assurances				
1 Global FX Management Framework in place to ensure that contribution agreements are consistently hedged	1 Treasury Dashboard				
2 Treasury, Cash and FX Management Procedure updated 2 May 2017	2 Quarterly reporting to the Audit and Finance Committee (AFC)				
3 Conservative Fx limit established that limits exposure well within the limit					
Controls & mitigations in development or planned	Category	Target completion (MM/YY)	Mitigation owner - individual	Overall status	
1 Regular update to AFC on hedging position (see quarterly reporting to AFC)	Underway	Dec-18	Treasury	Risk mitigation is on track. There are no material delays.	
2 Fx risk has decreased significantly since the end of December 2016, with net exposures being reduced through additional hedging (VaR to VaR limit ratio moved from 111.5 % at the end of Q4 2016 to 60.8% at the end of Q4 2018, with VaR after hedges standing at US \$3m).	Underway	Dec-18	Treasury		
3 Implementation of multi-currency disbursements (through a joint project by Program Finance & Controlling and Treasury), optimizing FX execution and covering FX risks in country (for selected countries only).	Underway	Jun-19	Treasury		
4 Integration of ALM cross-reference and investment rebalancing description into treasury procedure	Planned	Jun-19	Treasury		
Additional activities	Next steps				

13. Future Funding

Risk description			Risk owner	ER	
Failure to meet the Global Fund's financial target for the Sixth Replenishment and to convert existing donor commitments due to loss of donor support and confidence, major reputational damage, or external factors outside of the Global Fund's control.	Residual risk	Moderate	IRM category	Not applicable	
	Risk appetite	Not applicable	Change since last quarter	No change	
Risk impact	Target risk	Not applicable	Direction of travel	Steady	→
	Target risk timeframe	Not applicable	GF ability to mitigate	Moderate ability	★★★
Key Countries/Components					
Root causes			N/A		
<p>1 A negative shift in sentiment towards the Global Fund amongst major donors, whether due to shifts in national politics or international priorities, fatigue with the three diseases, reprioritization of health versus other SDG priorities, or reductions in ODA more generally as a result of budgetary pressure or negative domestic politics</p> <p>2 Competition for resources with other institutions or new priorities, and failure to coordinate with partners and organizations working in the global health space to demonstrate complementarity and respective roles / contributions towards the achievement of SDG3 and in the broader health and development context</p> <p>3 Perceived underperformance of the Global Fund, particularly with relation to the Strategy 2017-22 targets, or misunderstanding and misperceptions related to the Global Fund model</p> <p>4 Perceived de-prioritization or lack of responsiveness by the Global Fund to issues of concern/priority to donors (for e.g. RSSH, gender equality, geographic focus areas, etc.)</p> <p>5 Failure to meet donor expectations/ criteria/conditions for continued funding</p> <p>6 Failure to demonstrate progress in expanding the donor base of the Global Fund and in mobilizing other sources of funds</p> <p>7 Under investment in resource mobilization activities leading to inadequate engagement of key decision-makers and influencers, or weak advocacy through civil society or the media</p>					
Current controls & mitigations			Assurances		
1 Monitoring of budgetary processes and mobilization of political and civil society advocacy partners as well as high-level influencers, particularly where pledge conversion is at risk or where opportunities for an increased pledge has been identified			1 Donor Government budgets reflect commitments to GF		
2 Close monitoring of political transitions and building strong cross-party support for GF in key donor countries to address increasingly challenging political landscape. Political transitions in 2018-19 bearing monitoring; Italy, UK brexit negotiations, US, Sweden (new government just formed), Australia (2019), Denmark (before mid-2019), Belgium (mid-2019), European Commission (mid-2019), Canada (fall 2019)			2 KPI reporting		
3 Coordination arrangements established at all levels internally, with France and India as hosts of the Sixth Replenishment Conference and Preparatory Meeting respectively, as well as key advocacy partners to facilitate joint strategic advocacy and outreach to public and private donors as well as conference preparations			3 Positive outcomes of donor reviews/evaluations (for e.g. overall positive outcomes of the UK Multilateral Development Review, Multilateral Organization Performance Assessment Network review and Australian Department of Foreign Affairs and Trade review, Dutch Scorecard)		
4 Development and launch of Investment Case, with Replenishment target, serving as the center-piece of the Replenishment campaign to rally GF partnership and inform donor-country specific investment cases.					
5 Ongoing monitoring to ensure GF meets agreed terms and conditions in donor contribution agreements to ensure payments in line with schedule; regular meetings between DR and Treasury on donor payments vs forecast to facilitate proactive ALM; and active forex management by Treasury to minimize forex volatility impact on GF resources					
6 Strengthened oversight of performance to ensure delivery of results through enhanced monitoring across the grant lifecycle, including through regular reporting, Portfolio Performance Committee, SIP and KPI reporting, and the Performance and Accountability Framework					
Controls & mitigations in development or planned			Category	Target completion (MM/YY)	Mitigation owner - department
1 Continued efforts to diversify and expand GF donor base in line with Resource Mobilization Action Plan			Underway	Dec-19	Donor Relations / PSE
2 Efforts to sustain and strategically expand advocacy support base, including measures to decrease dependence of Civil Society advocacy partners on external funders. (In context of 2019 OpEx discussions, increased needs in terms of staff capacity flagged and additional temporary resource secured.)			Underway	Dec-19	PSEA
3 Secure early pledge announcements from a number of major donors to create momentum leading up to Pledging Conference			Underway	Sep-19	Donor Relations
4 Mapping/monitoring of developments with relation to multiple major replenishments in global health and other sectors planned over 2018-2020			Underway	Dec-19	Donor Relations
5 Update underway of policy framework and process for screening, due diligence, risk management with relation to private sector partnerships			Underway	Mar-19	PSE
6 Strong Replenishment communications campaign to disseminate messaging on Investment Case to mobilize public and key decision-maker support in donor and implementing countries			Underway	Oct-19	ER/Comms
Additional activities			Next steps		

14. Internal Operations

Risk description			Risk owner	FISA	
Risks affecting the smooth operation of the Secretariat, reflecting key enterprise level operations at the Secretariat, including enterprise-wide projects, Information Technology (IT), sourcing (indirect procurement), administration and financial controlling.	Residual risk	Moderate	IRM category	Not applicable	
Risk impact	Risk appetite	Not applicable	Change since last quarter	No change	
Decreased ability of the Global Fund to operate effectively to deliver on its mission.	Target risk	Not applicable	Direction of travel	Steady	→
Root causes	Target risk timeframe	Not applicable	GF ability to mitigate	Significant ability	★★★★
Key Countries/Components					
N/A					
Current controls & mitigations	Assurances				
IT: 1 Key IT systems/applications/infrastructure managed by service providers with high availability and disaster recovery capacity at the Global Health Campus as of March 2018 2 All key Secretariat applications-migrated to the "cloud" or external high availability service providers reducing GHC Data Center requirements to a bare minimum 3 Project management training delivered to IT Staff and key project teams; regular review by CIO 4 Monthly Secretariat IT operations performance review by CIO 5 Remediation action plan to address late projects and IT Operational issues in place Sourcing: 1 All procurement activities must be conducted in the GFS ERP system in accordance with the Global Fund's Procurement Policy and Procurement Regulations, which require that the Global Fund: obtains value for money (VFM), ensures that goods or services are procured competitively where required and applies the principles of efficiency, effectiveness, impartiality, transparency, accountability and procurement ethics. 2 The Sourcing Department and Technical Evaluation Committee (TEC) ensure that selection memoranda reflect the Global Fund's Procurement Policy and Regulations. 3 Procurement Review Committee, consisting of (among others) representatives from the Finance and Controlling, Risk, Legal and Ethics departments reviews all procurement transactions above US \$1,000,000. 4 ERC subcommittee reviews proposed contracts that incorporate non-standard terms and conditions. Financial Controlling: 1 Updates provided to MEC on 1. level of investment and budgetary impact and 2. Staff costs and FTE evolution based on recruiting pipeline through monthly reporting and quarterly reforecasting 2 Quality review based on grant sampling performed by PST team with recommendations to develop "best practices" within PF&C teams 3 Quarterly reforecasts provided to MEC and AFC on Strategic Initiatives fund utilization. Regular meetings organized by SI Coordination Office on progress updates with SI budget holders Administration: Facility/Security 1 Global Fund-GAVI Partnership Agreement defines responsibilities for governance of new building 2 GHC - Maintenance/repairs contracts are in place 3 SOPs are in place in case of technical failure 4 Senior Security Officer (SSO) hired in July 2018 to oversee security policy and procedures	Annual ISO audit dry runs OIG audits				

14. Internal Operations

Controls & mitigations in development or planned	Category	Target completion (MM/YY)	Mitigation owner - department	Overall status
IT:				
1 Information Security awareness training planned for 2018 and delivered to IT Staff and key project teams	Planned	Dec-18	IT	Risk mitigation is on track. There are no material delays.
2 Annual disaster recovery (DR) testing schedule to be finalized and end to end DR test conducted	Planned	Mar-19	IT	
3 ISO-27001 certification of key organizational processes	Planned	Dec-19	IT	
Sourcing:				
1 Review of the design and operating effectiveness of the Procurement Review Committee	Underway	Dec-19	Sourcing	
2 Sourcing to submit regular reports to MEC regarding Procurement Methods and Preferred Supplier usage	Planned	Dec-19	Sourcing	
3 Sourcing will issue guidance to control and maintain the Preferred Supplier List and the list of Direct Suppliers.	Planned	Dec-19	Sourcing	
4 Update of Procurement Procedures (ongoing)	Underway	Dec-19	Sourcing	
Financial Controlling:				
1 Embedded Financial Controlling function in HR to support implementation of Strategic Workforce Planning	Planned	Dec-19	Finance & Controlling	
2 FRAT to continue performing quality assurance on reconciliation process through sampling review and monitoring of compliance by Financial Controlling with the aim of achieving at least 95% coverage for grants ending in Dec 2017	Underway	Dec-19	Program Finance	
3 Discussion on SI reprogramming/ fund reallocation scheduled at MEC as part of F1/F2 reforecast	Planned	Oct-19	Program Finance	
4 Monitoring, tracking and integration of multi-year Opex contracts in the Opex budget approval process	Planned	Jul-19	Finance & Controlling	
Administration:				
Facility/Security				
1 Development of a fire/evacuation plan and selection and training of fire wardens	Underway	Feb-19	Administration	
2 SSO reviewing and updating security policy and procedures	Underway	Feb-19	Administration	
Asset Management				
1 Development of a robust asset management policy and procedures	Underway	Dec-18	Administration	
Additional activities	Next steps			
1 Backup of Global Fund Dynamic Host Configuration Protocol (DHCP) server that provides IP addresses to the computers at GHC				

15. Integrated Grant Policies, Processes, Systems & Data

Risk description		Risk owner	GMD		
Lack of integrated policies, processes, systems and data to manage programs throughout the grant life cycle.	Residual risk	Moderate	IRM category	Not applicable	
Risk impact	Risk appetite	Not applicable	Change since last quarter	No change	
Weaknesses in grant and risk management, inefficiency and high transaction costs in managing grants, and weakened internal controls.	Target risk	Not applicable	Direction of travel	Decreasing	↓
Root causes	Target risk timeframe	Not applicable	GF ability to mitigate	Significant ability	★★★★
1 Limited assessment of the operational feasibility and implications of Board-approved policies.	Key Countries/Components N/A				
2 Limited internal capacity to assess and implement changes to grant management systems resulting from new business requirements.					
3 Frequent policy changes that limit the Secretariat's ability to maintain up to date processes, systems and data.					
4 Nascent change control structures to identify and manage interdependencies between systems, processes and data.					
5 Inconsistent approaches to documentation of policies, regulations, procedures and processes.					
6 Limited monitoring of business process controls.					
7 Lack of standards and guidance on data management, and limited data availability.					
Current controls & mitigations	Assurances				
1 The majority of processes throughout the grant lifecycle have been automated and integrated on the Grant Operating System (GOS), including Funding Request, Grant Making, Grant Implementation, Disbursements, Grant Revisions and Grant Closures.	1 Monitoring of business process controls				
2 Risk Management has been built onto GOS to allow seamless integration of risk at each stage of the grant lifecycle.	2 OIG audits				
3 Data Governance Committee established, and program of work agreed, to review and implement improvements to the Secretariat's approach to data management.					
4 Creation of two permanent and one temporary AIM-supporting Integration Specialist positions to help identify and manage interdependencies between systems, processes, policies and data.					
Controls & mitigations in development or planned	Category	Target completion (MM/YY)	Mitigation owner - department	Overall status	
1 Development of a comprehensive suite of reports for monitoring performance: programmatic, financial, operational and effectiveness of processes, including exception reporting as applicable.	Underway	Jun-19	GPS - DASH	Risk mitigation is on track. There are no material delays.	
2 Implementation of the Data Governance Program, focused on establishing a data catalog for corporate data sets and defining and establishing operational policies and processes for data management across the lifecycle for critical data, including developing a Data Life Cycle corporate policy to be reviewed by the Data Governance Committee by end of 2018. Following approval of this policy, each data owner will develop specific operational policies and processes for their data by mid-2019.	Underway	Jun-19	GPS- DASH		
Additional activities	Next steps				

16. Risk Management & Internal Controls

Risk description			Risk owner	Risk		
Weaknesses in identification of key risks, corresponding controls, assessment of impact, and prioritization and monitoring of controls and mitigating actions for both grant-facing and internal risks.	Residual risk	High	IRM category	Not applicable		
Risk impact	Risk appetite	Not applicable	Change since last quarter	No change		
Divergent understanding of risks leading to ambiguity in accepting or managing risks, and inconsistency of responses across the first and second lines of defense. Inadequate risk management and internal control gaps resulting in the Global Fund not meeting its objectives.	Target risk	Not applicable	Direction of travel	Decreasing	↓	
	Target risk timeframe	Not applicable	GF ability to mitigate	Significant ability	★★★★	
Root causes	Key Countries/Components					
1 Risk management not adequately embedded into Global Fund operations, and decision making processes	N/A					
2 Variable understanding of risk management responsibilities across the first two lines of defense						
3 Limited operationalization of key policies, processes and tools						
4 Inadequate implementation and follow up of prioritized risk mitigations, and quality and timely assurances						
5 Lack/non-use of standardized risk approaches and tools for decision making and risk acceptance						
6 Weakness in the control environment including inadequate standards, processes and structures that provide the basis for internal controls						
Current controls & mitigations	Assurances					
First Line:	1 Organizational Risk Register					
1 Proactive risk management across the grant life cycle, with clear roles and responsibilities of the first and second lines of defense with respect to differentiated risk assessments for High Impact, Core and Focused portfolios, risk identification, prioritization and mitigation, capacity assessments, comprehensive assurance planning and monitoring, in-country validation and reporting, and related activities.	2 Integrated Risk Module					
2 Use of Integrated Risk Management module to facilitate improved and streamlined risk identification/planning of mitigations, assurances and follow up	3 Chief Risk Officer's Annual Opinion and Semi-Annual Risk Management Report					
3 Portfolio Performance Committee driving greater focus on key risks and mitigations linked to objectives in prioritized countries. Use of Country Risk Management Memorandum to facilitate structured approach to risk trade-offs and risk acceptance with a focus on key mitigating and assurance actions for Core and High Impact portfolios.	4 OIG Annual Report and Opinion on Governance, Risk Management and Internal Controls of the Global Fund					
4 Ongoing use of Emergency Fund to ensure delivery of essential programmatic activities and application of CoE flexibilities to improve program delivery in contexts with high external risks.						
5 Active risk management undertaken by Secretariat business units through selected use of departmental risk registers to structure risk assessment and mitigation.						
Second Line:						
6 Ongoing risk oversight of funding requests, grant-making and approvals, and annual funding decisions and disbursements to ensure effective embedding of risk management across the grant lifecycle.						
7 Ongoing Global Risk Owner engagement in risk rating validations using outcome indicators, prioritisation of mitigation actions and assurance to ensure improved alignment across second line of defence functions.						
8 Matured Enterprise Risk Committee process driving improvement in managing key organizational risks with greater focus on mitigating actions and ensuring linkages with strategic goals.						
9 Finance and Controlling risk monitoring, management and exception reporting for key external and internal controls, to strengthen the control environment through an active feedback loop focused on improvement.						
10 Risk measurement framework in place to ensure standardized and objective risk assessment across the portfolio and to facilitate ongoing Risk Appetite-based decision making for 9 key organizational risks.						
Controls & mitigations in development or planned	Category	Target completion (MM/YY)	Mitigation owner - department		Overall status	
First Line:						
1 Identify, agree and monitor progress of key mitigating actions and key assurance activities at the grant and country levels to align focus and drive accountability for key actions across the lines of defense	Underway	Jun-19	GMD		Risk mitigation is on track. There are no material delays.	
2 Implement improvement action plans to strengthen internal controls in line with the COSO framework for key business processes	Underway	Dec-19	GMD/Risk			
3 Build-out monitoring of process controls, including first line exception reporting, to strengthen internal control environment through establishment of a feedback loop for selected business processes	Planned	Jun-19	GMD			
4 Operationalize Performance and Accountability Framework including definition of Business Process Model to drive process performance and accountability across the Secretariat through establishment of clear roles and responsibilities, decision-making authorities, key controls and metrics. Identify processes to advance maturity or improve efficiency and effectiveness through deep dives on a differentiated basis.	Underway	Dec-19	MEC			
Second Line:						
5 Completion of new and/or updated Key Business Process Reviews to assess the system of internal controls for prioritized processes in line with operational launch planning for the grant lifecycle (ongoing through December 2019)	Underway	Dec-19	Risk			
6 Improve coordination, embed risk management and improve internal controls in the Sourcing & Supply Chain Department	Underway	Dec-19	Sourcing & Supply Chain			
7 GMD and Risk to agree with OIG how risk appetite is reflected in approach to in-country audits	Planned	Mar-19	OIG/Risk/GMD			
Additional activities	Next steps					

17. Legal

Risk description				Risk owner	Legal	
1	<i>Contract risk</i> : exposure to counterparty risk and assumption of legal obligations to counterparties.	Residual risk	Moderate	IRM category	Not applicable	
2	<i>External legal risk</i> : exposure to local laws, regulatory and judicial processes and compliance costs.	Risk appetite	Not applicable	Change since last quarter	No change	
3	<i>P&I risk</i> : absence of legal protections vis-à-vis countries where Global Fund is active (e.g. grant management, audits/investigations, procurement, financial transactions) or has assets.	Target risk	Not applicable	Direction of travel	Steady	→
4	<i>Internal legal risk</i> : failure to observe Global Fund policies, rules and procedures; inconsistencies and/or overlap among policies, rules and procedures.	Target risk timeframe	Not applicable	GF ability to mitigate	Moderate ability	★★★
Risk impact		Key Countries/Components				
1	<i>Contract risk</i> : business teams' acceptance of terms that provide less protection, oversight and/or assurance of Global Fund resources and interests; authority and enforceability issues; contract obligations inconsistent with Global Fund policies, regulations and procedures.	<i>Contract risk</i> : countries where counterparties are organized and/or active.				
2	<i>External legal risk</i> : compliance costs; potential violation of local laws by Global Fund or implementers; potential enquiry, investigation and/or enforcement by external authority.	<i>External legal risk</i> : countries where the Global Fund is active or has assets.				
3	<i>P&I risk</i> : limited ability to protect and maximize impact of Global Fund resources; conduct resource mobilization; protect governance officials and staff; deliver life-saving commodities; protect data and information assets; pursue recoveries.	<i>P&I risk</i> : 18 have signed P&I Agreements, of which 11 have ratified; the Secretariat is in the process of finalizing with a small subset of these 11 countries some formalities that are necessary for the P&I Agreement to become effective.				
4	<i>Internal legal risk</i> : weak foundation for governance and internal controls; decisions, exceptions and waivers approved by function without authority to do so; transaction inefficiencies; framework not in place for new initiatives/business evolution.	<i>Signatories (if ratified, in bold)</i> : Burkina Faso, Burundi, Côte d'Ivoire, Ethiopia, Georgia, Ghana, Liberia, Malawi, Moldova, Montenegro, Mozambique, Niger, Rwanda, Senegal, Swaziland, Togo, Uganda and Zimbabwe <i>4 states have granted P&Is under domestic law</i> : Switzerland, United States, Uganda and Zimbabwe <i>Internal legal risk</i> : N/A				
Root causes		Assurances				
1	<i>Contract risk</i> : inconsistent use by business teams of standard terms and templates result in Global Fund accepting legal obligations and incurring compliance costs in contracts with suppliers, partners and other third parties.	1 Tracking of selected contract deviations presented by business teams.				
2	<i>External legal risk</i> : new initiatives and expansion of Global Fund activities from "core business"; increasing regulation affecting areas such as AML/CFT, procurement, insurance, derivatives, securities, resource mobilization, data privacy and others.	2 Protection of P&Is (where granted) in countries where the Global Fund is active or has assets; legal opinions of local counsel.				
3	<i>P&I risk</i> : legal risks and costs from absence of P&Is not consistently understood across the business; reliance on key country stakeholders; dual charity/international organization status within Switzerland and US, and variable understanding of non-treaty based international organizations under international law.	3 Signed and ratified country-specific P&I Agreements. Entry into force of P&I Agreement. P&Is under domestic laws in certain countries.				
4	<i>Internal legal risk</i> : lack of centralised knowledge management system for Global Fund policies, rules and procedures; decentralised rule-making, implementation and training/communication; no formal compliance structure.	4 Legal acts as independent advisor to Board, Committees, Secretariat and OIG on internal policies, rules and procedures				
Current controls & mitigations		Assurances				
1	<i>Contract risk</i> : Legal advice to business teams on use of Global Fund standard terms and templates; ED approval of revised Delegations of Signature Authority providing for risk-tailored contract clearance (e.g. legal, finance, business, OIG and escalated EGMC / ERC members' review as appropriate).	1 Tracking of selected contract deviations presented by business teams.				
2	<i>External legal risk</i> : engagement with Swiss mission on legal status; assertion of P&Is (where available); advice of local counsel in certain areas (where external risks identified); contractual limitations of liability (where standard terms and templates are used); monitoring of sanctions and obtaining licenses (where appropriate).	2 Protection of P&Is (where granted) in countries where the Global Fund is active or has assets; legal opinions of local counsel.				
3	<i>P&I risk</i> : revised PIAG Terms of Reference approved by Board June 2018; P&I Strategy approved by Board Leadership; EGC continuing oversight of P&Is; leveraging Framework Agreement P&I provisions; Secretariat and PIAG efforts to increase P&I Agreement signings and ratifications.	3 Signed and ratified country-specific P&I Agreements. Entry into force of P&I Agreement. P&Is under domestic laws in certain countries.				
4	<i>Internal legal risk</i> : ED approval of internal Legal Framework; EGMC approval of Operational Policy Framework and Operational Change Group Terms of Reference; Legal clearance of decisions and policies presented to the Board and its standing Committees; embedded Legal Counsels advise CTs; Legal development of policy maps showing currently effective policies, rules and procedures.	4 Legal acts as independent advisor to Board, Committees, Secretariat and OIG on internal policies, rules and procedures				
Controls & mitigations in development or planned		Category	Target completion (MM/YY)	Mitigation owner - department	Overall status	
1	<i>Contract risk</i> : training/communications to strengthen business teams' use of Global Fund standard terms and contract templates, and business teams' systematic early involvement of Legal.	Underway	Dec-19	Legal	Risk mitigation is on track. There are no material delays.	
2	<i>External legal risk</i> : legal opinions of international law experts on international legal personality; panel of external legal advisers.	Underway	Dec-19	Legal		
3	<i>P&I risk</i> : further leveraging of PIAG diplomatic and political networks to increase P&I Agreement signings and ratifications.	Underway	Dec-19	Legal		
4	<i>Internal legal risk</i> : publication of maps of Global Fund policies, rules and procedures for internal use following MEC members' review.	Underway	Dec-19	Legal		
Additional activities		Next steps				
1	<i>Contract risk</i> : business teams' assessment of contract deviations as part of RFP and counterparty selection process.					
2	<i>External legal risk</i> : business teams' assessment of external compliance costs with legal advice; development of standard liability disclaimers.					

18. Governance and Oversight

Risk description			Risk owner	OBA	
Failure to adequately prioritize strategic issues, address identified challenges in governance culture and practices, and guide the Global Fund to remain relevant and successful in a changing global landscape.	Residual risk	Moderate	IRM category	Not applicable	
Risk impact	Risk appetite	Not applicable	Change since last quarter	No change	
Weaknesses in governance and oversight can affect governance effectiveness, the ability of the Board to provide clear direction and take informed and strategic decisions, and impede optimal governance efficiency.	Target risk	Not applicable	Direction of travel	Steady	→
Root causes	Target risk timeframe	Not applicable	GF ability to mitigate	Moderate ability	★★★
1 Global Fund governance structure, composition and operations remain largely unchanged since its inception despite significant changes in global health architecture	Key Countries/Components				
2 Evolving framework for managing Board-related conflicts of interest	N/A				
3 Challenges in aligning Board and committee agendas linked to strategic objectives					
4 Large volume of information hampers decision making					
5 Need for greater alignment on management of cross cutting issues by the Board, its leadership, Coordinating Group and Committees					
6 Instances of lack of trust between Board, Committees and Secretariat may lead to a culture of over-consultation, insufficient delegation and a resulting lack of focus on strategic issues.					
7 Committee selection processes are time and resource intensive, with challenges around balanced representation, transparency, candidate pools, diversity, and procedural clarity.					
8 Inconsistent levels of engagement by Board constituencies					
Current controls & mitigations					
1 Additional Public Donors Constituency provides a non-voting Board seat, and committee seat, allowing route into Global Fund governance for additional donors. In addition, revised Donor Group Framework provides routes for voluntary and guaranteed integration of additional donors into the voting donor constituencies of the Board.	1 Chief Risk Officer's Annual Opinion and Semi-Annual Risk Management Report				
2 Ethics and Integrity Framework and Code of Conduct for Governance Officials guides behaviours in decision-making. Ethics training is part of standard onboarding of Governance Officials.	2 OIG Annual Report and Opinion on Governance, Risk Management and Internal Controls of the Global Fund				
3 Criteria for strategic agenda development in place for Board and committees.	3 Governance Performance Assessment Framework (external review of Board, Board leadership and Committee performance)				
4 Onboarding Framework endorsed by EGC in 2018 and now in routine implementation for Board and committees. Onboarding approach includes standardized onboarding program for Board leadership; enhanced onboarding program for Committee leadership.	4 Annual Opinion of the Ethics Officer				
5 Board documents adapted to focus on strategic input needed for decision making. Secretariat writers trained in writing for Board. Enhanced quality assurance by OBA.					
6 Risk Management is now a standing item on Board and committee agendas. AFC leads the oversight of risk at committee level.					
7 Guidance Note for Constituency Dispute Resolution endorsed by EGC (March 2018) (provides guidance and an escalation mechanism in case of dispute within a constituency)					
8 Strengthened Board Leadership Selection Process reflecting a number of best practice principles adopted by the Board in 2018. Board Leadership Nomination Committee established by Board in Q4 2018; revised BL TORs approved in Q4 2018, defining role of Board Chair and Vice-Chair.					
9 Coordinating Group strengthened facilitating improved coordination between the Board and the committees on cross-cutting issues					
Controls & mitigations in development or planned	Category	Target completion (MM/YY)	Mitigation owner - department	Overall status	
1 Implementation of Governance Action Plan, which defines a suite of governance-strengthening initiatives, and serves as a monitoring and accountability tool, with routine reporting to EGC (and OIG) on progress.	Underway	Dec-19	OBA	Risk mitigation is on track. There are no material delays.	
2 Updated constituency guidelines being developed to provide best practice guidelines to Board constituencies on constituency management.	Underway	Mar-19	OBA		
3 Implementation of revised Board Leadership selection process with objective of identifying high-calibre governance leaders for the Global Fund Board.	Underway	Jun-19	OBA		
4 Strengthening Committee Selection Process: review to be conducted in Q2-Q3-2018; strengthened process to be recommended for Board decision in-May 2019.	Planned	May-19	OBA		
5 Review of Board composition – scheduled for 2019-2020	Planned	Dec-20	OBA		
6 Review of committee mandates for clarity, to avoid overlap, and to ensure appropriate levels of delegation from Board to committees - planned for Q2 2019	Planned	Dec-19	OBA		
7 Board culture initiative initiated by EGC, with culture recognized as an overarching theme of the Governance Action Plan, impacting on governance strengthening initiatives and action items. Currently in planning stage. First phase to be carried out in Q1-Q2 2019.	Planned	Dec-19	OBA		
8 Secretariat implementation of MEC approved Governance and Legal Framework document arising out of the MEC-approved Accountability Framework to define pathway from policy development to relevant approval authority	Underway	Dec-18	Legal		
Additional activities	Next steps				
1 Broader efforts to strengthen Board culture, trust and strategic focus.					

19. Organizational Culture

Risk description				Risk owner	HR	
Failure to drive a performance based and ethical culture and ensure all staff and governance officials uphold and demonstrate the Global Fund's corporate values, and the behaviours needed to maximize operational efficiency and effectiveness .		Residual risk	Moderate	IRM category	Not applicable	
		Risk appetite	Not applicable	Change since last quarter	No change	
		Target risk	Not applicable	Direction of travel	Steady	→
Operational inefficiency, reduced workforce capacity and operational effectiveness, and a negative impact on staff wellbeing.		Target risk timeframe	Not applicable	GF ability to mitigate	Significant ability	★★★★
Root causes		Key Countries/Components				
1 Direction from senior management on aspirational culture is not consistently cascaded or demonstrated		N/A				
2 Variable people management capability results in inconsistent articulation of expected performance levels to staff, an inability to address poor performance, and limits staff development						
3 Operational inefficiencies, lack of process definition and performance targets and lack of accountability limits prioritization of work, collaboration, and increases staff workload						
4 Lack of an attractive rewards philosophy, hinders the organization's ability to attract, retain, motivate and reward talent and align organizational need and capacity						
5 Breaches of the code of conduct, unethical behaviour and conflicts of interest.						
Current controls & mitigations		Assurances				
1 Articulation and approval of the leadership profile, to drive the espoused values and behaviours		1 Ombudsman				
2 Manager capability development for managers to drive accountability, performance, work prioritization and staff wellbeing		2 Staff Council				
3 Ongoing staff wellness activities, which include wellness week and lunch time wellness sessions		3 Staff Counsellor				
4 Ethics and Integrity framework, and Ethics Policy, including Conflicts of Interest, in place, underpinned by processes for Ethics case management and conflict of interest reviews						
5 Updated Code of Conduct for Staff, updated Bullying and Harassment Policy, and updated disciplinary procedures facilitating enhanced accountability and control						
6 Code of Conduct for Board and governance officials in place						
7 Continued awareness raising and related trainings on ethics and integrity						
Controls & mitigations in development or planned		Category	Target completion (MM/YY)	Mitigation owner - department		Overall status
1 Revisit cultural assessment and staff engagement in 2019, including speak-up survey, to help inform the to-be culture		Planned	Jun-19	HR		Risk mitigation is on track. There are no material delays.
2 ED and MEC to validate the values and aspirational culture based on staff engagement results		Planned	Aug-19	MEC		
3 Conduct engagement survey to map as is culture and use inputs from it to drive action plans to work towards aspirational culture		Underway	Dec-19	HR and MEC		
4 Launch of the leadership program, 'Elevate', in 2019 to train senior management on the leadership profile		Underway	Jan-19	HR		
5 Performance and talent management review to provide the organization and people managers with tools and capabilities to evaluate performance objectively, take accountability and nurture talent		Underway	Dec-19	HR		
6 Operationalize Performance and Accountability Framework including Business Process Model, Legal and Governance Framework, and Accountability & Escalation Framework, to drive process performance and accountability across the Secretariat		Underway	Dec-19	MEC		
7 Strategic workforce planning to assist the organization in work and resource prioritization enhancing organizational effectiveness		Planned	Dec-20	MEC		
8 Ethics Office focus on updating, strengthening and operationalizing of ethics policies, integrity framework and codes of conduct and supporting processes		Underway	Mar-19	Ethics		
9 Organizational training sessions on dignity in the workplace		Underway	Mar-19	HR		
10 Total rewards review, to articulate our rewards philosophy reflecting our aspirational cultural values, and supported by a robust reward's structure		Underway	Jul-19	MEC		
Additional activities		Next steps				
1 Develop plan for cascade and embedding of agreed organizational values following ED and MEC validation of values and aspirational culture based on staff engagement results						

20. In-country Conduct & Ethics

Risk description			Risk owner	Ethics	
Implementers, suppliers and other in-country partners act in contravention of the Global Fund's corporate values, its Codes of Conduct or applicable policies on ethical behaviour and conduct.	Residual risk	Moderate	IRM category	Not applicable	
Risk impact	Risk appetite	Not applicable	Change since last quarter	No change	
Poor decision-making, potential fraud, financial loss, and / or reputational damage limits the organization's ability to deliver on its Strategic Objectives and maximize impact against the three diseases.	Target risk	Not applicable	Direction of travel	Steady	→
Root causes	Target risk timeframe	Not applicable	GF ability to mitigate	Moderate ability	★★★
Key Countries/Components					
N/A					
Assurances					
1 Ethics and Integrity Framework and Ethics Policy, including Conflicts of Interest, in place, underpinned by processes for Ethics case management and conflict of interest reviews	1 LFA spot checks and reviews				
2 Codes of Conduct in place for grant recipients, suppliers, LFAs and Board	2 3rd Line OIG audit/investigation and annual reports.				
3 Policy to Combat Fraud & Corruption (PCFC) was approved by the Board in November 2017					
4 Capacity assessment of new implementers include assessment of control environment					
5 Ongoing grant implementation monitoring by Country Teams					
6 LFA and partner engagement in procurement and recruitment processes					
7 Ongoing monitoring through OIG Whistleblower reporting and OIG investigations					
Controls & mitigations in development or planned	Category	Target completion (MM/YY)	Mitigation owner - department	Overall status	
1 Enhancement of Conflict of Interest management process	Planned	Dec-19	Ethics	Risk mitigation is progressing but there are also some material delays.	
2 PCFC implementation - fraud risk assessments and realignment of policies and procedures	Underway	Dec-19	Ethics		
3 Ethics Office focus on updating, strengthening and operationalizing of ethics policies, integrity framework and codes of conduct and supporting processes	Planned	Dec-19	Ethics		
4 Roll out of the Integrity Due Diligence framework. The framework is already up and running with PSE. Sourcing for high value tenders is the next area of focus. Roll out is due to complete, covering all third parties, by end 2019.	Planned	Dec-19	Ethics		
5 12 country engagements over 3 years for enhanced due diligence of key implementer staff and key assurance providers.	Planned	Dec-21	Ethics		
6 Roll out Code of Conduct for CCM Members, with performance based enforcement mechanism	Underway	Dec-19	Ethics		
Additional activities	Next steps				

21. Workforce Capacity, Efficiency and Wellbeing

Risk description			Risk owner	HR	
Lack of work planning and resource prioritization, over commitment at Division / Department level, inefficient business processes and in some cases supervisory weakness, create conflicting priorities, workload pressures and have a negative impact on staff health and wellbeing.	Residual risk	Moderate	IRM category	Not applicable	
	Risk appetite	Not applicable	Change since last quarter	No change	
Risk impact	Target risk	Not applicable	Direction of travel	Steady	→
Unable to deliver on organizational objectives as a consequence of inadequate work planning, inadequate prioritization, process inefficiency, and poor staff management. This results in some employees being overstretched, which has a negative impact on the ability of the organization to deliver on its objectives and, in some cases, a negative impact on personal wellbeing and the wellbeing of team members, who are required to take on additional work.	Target risk timeframe	Not applicable	GF ability to mitigate	Significant ability	★★★★
	Key Countries/Components				
Root causes	N/A				
1 Overly ambitious workplans, lack of work prioritization and inability to plan resources (Human and Financial) have led to uneven, ad hoc and unsustainable workloads					
2 Inefficient business processes driving down productivity					
3 Inadequate people management capability to drive performance and support talent development					
4 Lack of alignment between performance management, rewards strategy, target culture and targeted efficiency levels					
5 Significant organizational change and shifting priorities, in combination with a lack of staff resilience, leading to change fatigue and loss of motivation / engagement					
6 Budgetary pressures combined with an ambitious Strategy and implementation plan.					
Current controls & mitigations	Assurances				
1 Three year divisional and departmental workplans developed to align human and financial resources to the activities most critical to successfully deliver the Global Fund's Strategy, and reduce workload on individuals and teams in the process.	1 Ombudsman				
2 Workday launch providing managers with an effective tool for managing their teams / departments / divisions.	2 Staff Council				
3 Manager and employee capability development programs aligned to organization strategy and needs have been articulated and being delivered as part of Learning and Leadership Development Strategic Initiative.	3 Staff Counsellor				
4 Staff health and wellbeing initiatives being implemented as per the 2017 Q4 staff health report.	4 Occupational Health Provider				
5 Targeted team interventions to proactively tackle staff wellbeing issues.	5 Reporting on medical leaves				
6 Occupational Health Advisor facilitating return to work in cases of long-term absence.	6 OIG functional audits				
7 Ombudsman, Staff Council and Staff Counsellor in place for staff support.					
Controls & mitigations in development or planned	Category	Target completion (MM/YY)	Mitigation owner - department	Overall status	
1 Design and implement the Performance and Accountability Framework to ensure coherency between objectives, processes and metrics and drive improved process efficiency.	Underway	Dec-19	MEC	Risk mitigation is on track. There are no material delays.	
2 Design and implement workforce planning in an incremental manner (Tactical, Operational and Strategic) to ensure manager capability development and organizational readiness	Underway	Dec-20	Human Resources		
3 Review and refresh of the performance management process to enable us to drive a performance based culture and manage under-performance	Underway	Dec-19	Human Resources		
4 Articulate the leadership profile for The Global Fund and deliver capability development training to managers	Underway	Dec-19	Human Resources		
5 Employee Engagement survey to measure the staff engagement, manager effectiveness and organization culture	Planned	Jul-19	Human Resources		
6 Organizational Change Management: Training to strengthen organizational internal capability to plan, drive and adopt change effectively.	Underway	Dec-19	Human Resources		
7 Total Rewards Review to provide more workforce agility	Underway	Jul-19	Human Resources		
Additional activities	Next steps				

22. Reputation

Risk description			Risk owner	OED	
Reputational harm can be caused by problems that emerge unexpectedly from control weaknesses, performance issues, poor governance or oversight, or events beyond the control of the Global Fund. Misleading or disproportionately negative media coverage of misuse of funds or other inappropriate activities can amplify reputational harm.	Residual risk	High	IRM category	Not applicable	
	Risk appetite	Not applicable	Change since last quarter	No change	
Risk impact	Target risk	Not applicable	Direction of travel	Steady	→
Reputational damage can lead to potential loss of future donor funding and ability to achieve impact against the three diseases.	Target risk timeframe	Not applicable	GF ability to mitigate	Moderate ability	★ ★ ★
	Key Countries/Components				
Root causes	N/A				
1 Misleading news coverage can be influenced by political factors					
2 Complexity of global health operations prevent simple interpretation and allow misinterpretation					
3 OIG and other reports that identify misuse of funds or other serious issues					
4 Potential misstep in Board selection process					
5 Performance issues or internal control weaknesses					
Current controls & mitigations	Assurances				
1 Proactive identification of potential issues by country teams and senior management	1 Country Teams reports;				
2 Ongoing strengthening of risk management oversight for High Impact and Risk portfolios including COEs continual focus on strengthening organizational maturity for risk management, internal controls and governance	2 Risk Department reviews;				
3 Focus on key organizational risks by Enterprise Risk Committee	3 Communications Department.				
4 Continual focus on strengthening organizational maturity for risk management, internal controls and governance, including strengthening and build out of internal control environment. Roll out of the Grant Operating System (GOS) has automated and integrated processes across the grant life cycle.					
5 Proactive, agile communications strategy by Communications Department					
6 Prioritization of stakeholder relationship management, including through proactive engagement by senior leadership and engagement of governance officials.					
Controls & mitigations in development or planned	Category	Target completion (MM/YY)	Mitigation owner - department	Overall status	
1 Leveraging Performance and Accountability Framework to improve management transparency and organizational processes	Planned	Dec-19	MEC	Risk mitigation is on track. There are no material delays.	
2 Ethics Office focus on operationalization of an ethics policy, integrity framework and monitoring the staff code of conduct, and roll out of Integrity Due Diligence (IDD) framework. The IDD framework is already up and running with PSE. Sourcing for high value tenders is the next area of focus. Roll out is due to complete, covering all third parties, by end 2019.	Underway	Dec-19	Ethics		
Additional activities	Next steps				

Definitions for the Organizational Risk Register

The ORR is designed to align management around key risks and mitigations, driving focus and attention within the organization.

Risks: Key organization-wide risks that could have an adverse impact upon the Global Fund's ability to meet its strategic objectives, with a descriptions of risk and its impact.

Key Countries/Components: Where applicable, those countries/grants that contribute most significantly to the aggregate risk profile of the organization and where controls/mitigating actions would have the greatest effect.

Root Causes: Drivers of risk against which controls and mitigations are placed.

Current Controls & Mitigations: Key mitigating actions and controls (both preventive and detective) that are already in place and functioning as expected.

Assurances: Measures that gauge whether adequate controls and mitigating actions are in place and working effectively to manage key risks with the ultimate goal of achieving the organization's objectives.

Progress of Ongoing & Planned Mitigations: This section reports on progress of risk mitigations in the quarter under review and is therefore likely to see the most updates quarter over quarter.

Additional Actions Needed: These are additional actions over and above the ones already underway or planned that we believe are required to

Residual Risk:

i. **Definition:** Remaining risk assuming that existing controls and mitigating actions are working as expected.

ii. **Ranking:** Each risk is mapped across a 5-point scale and rated "High," "Moderate-High," "Moderate," "Low-Moderate," or "Low" representing the severity of impact on Global Fund's mission and strategic objectives. Both the severity of impact and likelihood of occurrence are taken into consideration when ranking risks.

Risk Rankings 5-Point Scale

Very High

High

Moderate

Moderate-low

Low

Target Risk: Expected level of residual risk following successful execution of mitigating actions.

Direction of Travel (of level of residual risk):



Increasing: Implies that either inherent risk is increasing or existing mitigating actions are not having the intended effect on the level of residual risk.

Steady: Inherent risk is static and additional mitigating actions need to be executed to decrease risk.

Decreasing: Implies either inherent risk is reducing and/or the 'Progress on Ongoing & Planned Mitigations' are substantially completed.

Risk Appetite:

Definition: Risk appetite is the amount of risk, on a broad level, that the Global Fund is willing to accept in pursuit of its strategic objectives. It reflects the Global Fund's risk management philosophy, and in turn influences its culture and operations. The 5-point scale used for residual risk, is also used to reflect risk appetite, or target risk level.

Global Fund's Ability to Mitigate:

Definition: Given the nature of the risk, the ability of existing controls and additional mitigating actions to influence (move the needle) the current risk level. A 5-point scale is used as follows:

- 5: High ability to mitigate
- 4: Significant ability to mitigate
- 3: Moderate ability to mitigate
- 2: Minor ability to mitigate
- 1: Minimal ability to mitigate



Status of Progress on Ongoing & Planned Mitigations (to achieve target risk):

Definition: Reports on the progress on risk mitigations under review in the quarter, and is therefore likely to see the most updates from one quarter to the next.

Risk mitigation is on track. There are no material delays.



Risk mitigation is progressing but there are also some material delays.



Risk mitigation is not on track and there are significant delays.



Annex B: Gantt chart on plan for reaching an aggregate level of 'Embedded' for risk management, internal controls and governance

Area	Key outstanding deliverables	2018		2019			
		Q3	Q4	Q1	Q2	Q3	Q4
Embedding Risk Management	Finalize risk ratings, mitigating and assurance actions in IRM	■					
	Fully leverage IRM functionality, including improvements, to effectively manage risks across the grant lifecycle	■					
Operationalizing Risk Appetite	Effectively embed use of risk appetite into regular decision making across the grant lifecycle	■					
Building a robust internal controls environment	Develop first line exception reporting on process controls across the grant lifecycle	■					
Improving governance	Criteria for strategic agenda setting applied for Board and committee meetings	■					
	New Board Leadership selection process implemented		■				
Momentum in operationalizing other initiatives	Successfully link results of Supply Chain diagnostics to transformation plans and initiate execution of Supply Chain transformation plans for at least 2 countries	■					

■ = complete

■ = in progress