

Audit Report

Audit of

The Global Fund Approach to Managing Grants in High & Extreme Security Risk Settings

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What is the Office of the Inspector General?

The Office of the Inspector General (OIG) safeguards the assets, investments, reputation and sustainability of the Global Fund by ensuring that it takes the right action to end the epidemics of AIDS, tuberculosis and malaria. Through audits, investigations and advisory work, it promotes good practice, enhances risk management and reports fully and transparently on abuse. The OIG is an independent yet integral part of the Global Fund. It is accountable to the Board through its Audit and Finance Committee and serves the interests of all Global Fund stakeholders.



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1. Executive Summary

1.1 Opinion

The Global Fund has taken an agile and innovative approach to supporting the implementation of HIV, TB and Malaria programs in high-risk contexts.¹ Despite conflict, insecurity, and systemic fragility, program continuity has been enabled through emergency reprogramming, strategic partnerships, and the use of adaptive tools, including contingency planning, mobile clinics, and digital platforms.

These efforts have contributed to gains across the three diseases, even in the most challenging operating environments. Between 2014 and 2023, AIDS-related mortality and new HIV infections declined in 86% and 71% respectively of sampled countries, and Malaria incidence and mortality declined in 67%. TB incidence declined in 70% of countries,² while mortality (excluding HIV-positive individuals) declined in 80%. The TB-case fatality ratio improved in 90% of sampled countries, reflecting strengthened service delivery and resilience in crisis-affected contexts.

Most sampled grants demonstrate programmatic performance ranging from moderate to excellent, against agreed coverage indicator targets. However, the ongoing systemic and contextual challenges in countries with high and extreme risk settings place long-term objectives, including progress toward 2030 global targets, at significant risk.

Progress in these portfolios could be accelerated through better alignment of grant objectives to the country context, more strategic and optimal use of Challenging Operating Environment policy flexibilities and strengthening operational efficiencies. As such, the adequacy and effectiveness of the measures taken by the Global Fund Secretariat to differentiate and implement programs to achieve grant objectives, despite the inherent limitations prevailing in these countries, are rated as **partially effective**.

Robust financial assurance mechanisms across portfolios facing high or extreme risks are contributing to low or moderate levels of financial and fiduciary residual risk. Because of travel constraints, the Global Fund relies entirely on external assurance to validate the effectiveness of mitigation measures in these countries. Challenges in operationalizing risk appetite for decision making are undermining risk trade-off decisions. Programmatic and Supply Chain assurance activities are not adequately and consistently prioritized, based on a portfolio-level defined risk appetite. Consequently, critical activities may be planned and cancelled without the necessary compensating activities being executed, and assurance levels may vary between portfolios. The adequacy and effectiveness of assurance arrangements to support grant implementation in these countries are rated as **partially effective**.

¹ This audit focused on countries with High or Extreme Security ratings by ISOS, where travel restrictions significantly impeded Global Fund grant implementation, and which also had a Very High or High External Risk Index (ERI) in GC6 and GC7.

² OIG sampled ten countries: Afghanistan, Central African Republic, Chad, Haiti, Mali, Niger, Somalia, South Sudan, Sudan and Ukraine which account US\$1.3 billion (19%) of Global Fund Grant Cycle 7 allocations to high and very high risk classified countries. All ten sampled countries have TB program data. For Malaria, only nine countries have Malaria programs (No Malaria program in Ukraine). For HIV, UNAIDS data is only available in seven of the 10 sampled countries.

1.2 Key Achievements and Good Practices

Multilateral approach is leveraged to support program implementation in high and extreme risk portfolios

The Global Fund has effectively leveraged multilateral partnerships with donor, humanitarian and technical partners, to support continued implementation of program interventions in high and extreme risk countries. Through participation in health cluster meetings and technical working groups, multiple donors, technical agencies, and international organizations have provided coordinated support amid emergencies and security crises. Notable examples of such collaboration were observed in Haiti, South Sudan and Ukraine.

In addition, the Global Fund has coordinated with external partners to strengthen national programs and ministry capacity, through the establishment of Program Management Units (PMU), and through leveraging technical and humanitarian assistance. These efforts have been particularly evident in Haiti, Sudan and South Sudan. The Global Fund also leveraged its dual-track financing model to engage international and local NGOs, civil society, and the private sector in grant implementation.

Secretariat-level structures, tools and mechanisms support agile responses

The Global Fund Secretariat has established dedicated structures, tools and mechanisms to support agile and responsive programming in high and extreme risk portfolios. The Emergency Fund (EF) Strategic Initiative has been leveraged to support responses during emergencies³ in five sampled countries.

To enable rapid and flexible decision making, key aspects have been delegated through various oversight bodies, including the Executive Grant Management Committee (EGMC), Portfolio Performance Committee (PPC), Crisis Management Team (CMT), and Country Teams (CTs). These structures facilitate rapid and agile approvals of EF grants, Challenging Operating Environment (COE) flexibilities, and acceptance of risk trade-offs to support program adaptations, safeguard program gains, and ensure continuity of implementation.

In 2023, the Challenging Operating Environment and Change Coordination Teams were merged to form the Implementation and COE (ICOE) Team. The ICOE team has developed guidance notes, tool kits, and coordinated strategic engagements with stakeholders, to enhance support for high and extreme risk portfolios.

Innovation and adaptations in program implementation and assurance have proven effective

In 70% of sampled countries, grant implementation arrangements were adapted or modified to streamline operations and enhance effectiveness at the onset of crises, or at the commencement of Global Fund Grant Cycle 7 grants. Additionally, four of the ten countries sampled developed and rolled out contingency plans, strategic frameworks, policies, and standard operating procedures (SOPs) to guide and adapt grant implementation, while improving health service delivery and access.

Innovative mechanisms have been leveraged to support implementation and oversight. These include Results Based Contracting (RBC), mobile payments, and the use of cash distribution agents. Virtual and digital platforms were employed for monitoring HIV, TB, and procurement and supply chain (PSM) activities. Other innovative mechanisms included the scale up of mobile clinics, and equipping health facilities with solar power to ensure service continuity in remote and insecure areas.

³ US\$53 million was awarded through Emergency Fund to five of the sampled countries during crises and emergencies (Afghanistan, Haiti, Somalia, South Sudan and Ukraine)

1.3 Key Issues and Risks

Limited use of available tools and processes hinder further successes

Multiple external factors⁴ significantly restrict program implementation and effectiveness in high and extreme risk operating environments. Despite the progress, 70% of the countries reviewed achieved less than 20% of their agreed grant objectives, and none of the ten sampled countries are on track to achieve 2030 global targets for the three diseases. While the Global Fund has managed to attain notable achievements in these environments, there are opportunities to further adapt both grant objectives and implementation arrangements, to optimize implementation in high and extreme risk settings.

Continued efforts to strengthen countries' understanding and consistent use of COE flexibilities, together with ongoing improvements in operational efficiency, will help maximize grant effectiveness. COE flexibilities have often been used to support administrative processes, rather than strategically addressing implementation challenges.

Robust financial assurance mechanisms exist; however, improvement is needed in oversight and adaptation of programmatic and supply chain assurance activities

The Global Fund Secretariat and Principal Recipients (PRs) have taken steps to mitigate high fiduciary risks through engaging fiscal agents, establishing Program Management Units (PMUs), and via the innovative mechanisms detailed in 1.2. Fly-in Local Fund Agent experts have been supported by local experts, and desk reviews deployed in areas that could not be accessed in person. These arrangements have contributed to improved financial performance and ratings.

Despite the high security risks and travel restrictions, the Secretariat planned assurance activities on mitigation measures taken for financial and fiduciary risks. However, 50% of planned programmatic and 41% of supply chain assurance activities by the LFA were cancelled, primarily because of access limitation driven by insecurity. This reflects a structural limitation, as Country Teams lack a mechanism, such as adequate definition and operationalization of risk appetite that reflects portfolios' unique challenges, to adjust assurance plans or accept higher residual risks, even in contexts where such trade-offs may be necessary.

⁴ Countries sampled for OIG review experience either one or more of the following: armed conflicts/wars, funding constraints, unstable political system and governance and shortages in Human Resources for health.

1.4 Objectives, Ratings and Scope

The overall objective of the audit is to provide reasonable assurance to the Global Fund Board on the ability of the Global Fund to achieve its objectives in portfolios with High or Extreme risk settings. Specifically, the audit assessed the adequacy and effectiveness of:

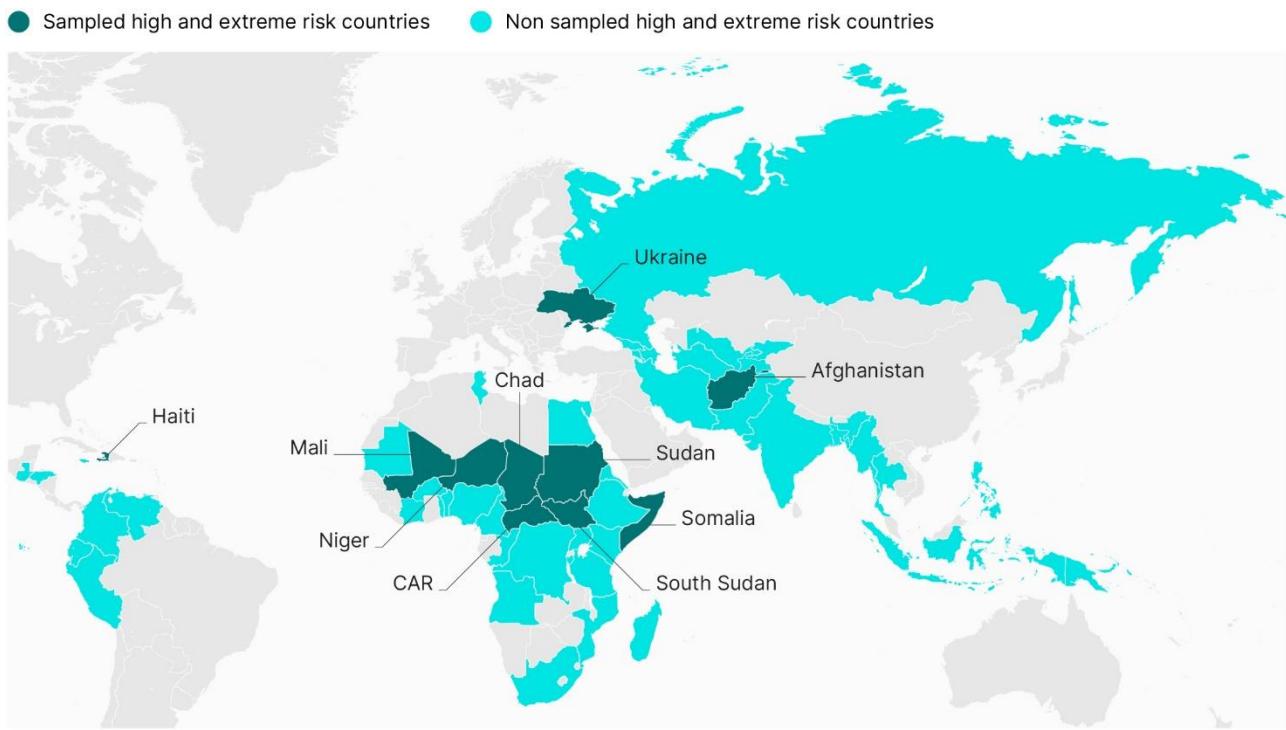
Objective	Rating	Scope
Measures taken by the Global Fund Secretariat to differentiate and implement programs to achieve grant objectives despite the inherent limitations prevailing in high and extreme risk settings.	Partially Effective	Audit period January 2021 to December 2024
The assurance arrangements to support grant implementation in these countries.	Partially Effective	

Details about the general audit rating classifications can be found in Annex A.

The audit team:

- reviewed Global Fund Secretariat policies, structures, systems, processes, and tools to support countries in high and extreme risk settings.
- performed detailed desk review and engaged in-country implementers and partners in ten sampled countries: Afghanistan, Central African Republic, Chad, Haiti, Mali, Niger, Somalia, South Sudan, Sudan and Ukraine.
- leveraged prior OIG audit findings from reports published between 2023 and 2025.

Figure 1: Geographical spread of sampled countries^{5,6}



10% of the 2023 – 2025 funding allocation



10% of the Global Malaria disease burden

19% of 2023 – 2025 Allocation to the high & very high risk classified countries



4% of the Global TB disease burden

27% of 2023 – 2025 Allocation to COEs



3% of the Global HIV disease burden

⁵ OIG sampled ten countries which are classified as high and very high-risk countries and Challenging Operating Environments (COE) under the Global Fund's Grant Cycle 7 (GC7) allocation.

⁶ Following the [reprioritization & reduction in GC7 allocations](#), the sampled countries account for 11% of the reduced GC7 allocation, 20% of the reduced GC7 allocation to high & very high risk classified countries, & 29% of GC7 reduced allocation to COEs

2. Background and Context

2.1 Overall Context

The 2023-2028 Global Fund Strategy⁷ seeks to end AIDS, Tuberculosis and malaria. To achieve this, and to support the Sustainable Development Goals,⁸ the Global Fund provides grants to countries with different contexts and risk profiles, including those facing significant challenges, such as conflict, terrorism, and violent crime. In such countries, security constraints limit the ability of staff of the Global Fund, Principal Recipients, implementers, and Local Fund Agents to effectively execute and oversee grant activities, to varying degrees. Additionally, inherent challenges such as armed conflicts and natural disasters contribute to limited governance structures and limited access to health services, impacting the Global Fund's capacity to fulfill its objectives.

The Global Fund has progressively adapted its approach to operating in crisis-affected settings. The 2016 Board-approved Challenging Operating Environments (COE) policy was operationalized in 2017 through an Operational Policy Note (OPN). The policy aims to systematize the Global Fund's engagement in these environments by enabling tailored grant design, implementation, and assurance approaches, to improve performance and sustain impact. The OPN guides differentiation of the grant lifecycle management in contexts of emergencies and/or acute or protracted instability.

In addition to the above, the Global Fund has mobilized emergency funding,⁹ and reprogrammed existing funding to support service continuity in crisis settings. It has also evolved its partnership model, to leverage humanitarian coordination mechanisms. In 2014, the Global Fund joined the Global Health Cluster¹⁰ as an observer, to enhance complementarity with humanitarian actors. In 2021, the Global Fund expressed formal support for the Organisation for Economic Co-operation and Development Development Assistance Committee's Humanitarian-Development-Peace Nexus recommendation, reinforcing its commitment to integrated responses in fragile contexts.

The Global Fund has increasingly collaborated with humanitarian partners to deliver health interventions in countries such as Ukraine, the Central African Republic, Haiti, and South Sudan. These efforts reflect a shift toward more agile and context-responsive programming in complex emergencies.

Since the adoption of the COE policy, four¹¹ reviews and OIG audits have assessed its implementation. The most recent OIG audit was the [Audit of the Global Fund Challenging Environment Policy Implementation – Burkina Faso case](#). This resulted in a management action to update the COE Operational Policy Note, underscoring the need for continued enhancement of the policy framework to address evolving operational realities.

⁷ The 2023-28 Global Fund Strategy - Fighting Pandemics and Building a Healthier and More Equitable World

(https://www.theglobalfund.org/media/11612/strategy_globalfund2023-2028_narrative_en.pdf) Accessed on 31 July 2025

⁸ SDG 3.3 - By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases

SDG 3.8 - Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

⁹The Emergency Fund is a strategic initiative established by the Global Fund Board in 2014 to support countries facing acute emergencies to support the provision and continuity of essential prevention and treatment services for HIV, TB and Malaria when reinvestment of existing funds is not possible

¹⁰UNHCR cluster system (<https://emergency.unhcr.org/coordination-and-communication/cluster-system/cluster-approach>) Accessed on 31 July 2025

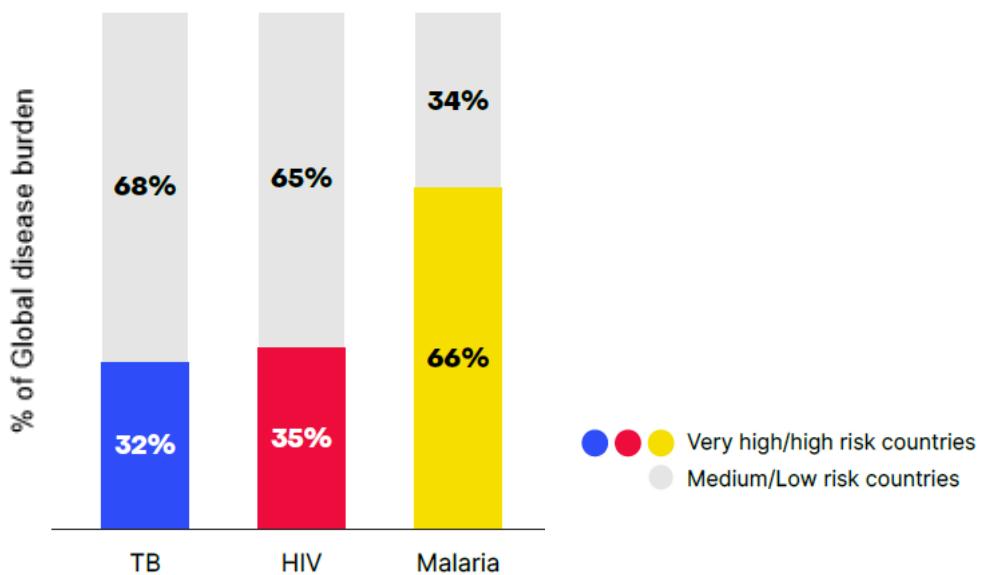
¹¹1) [2017 OIG Audit of Global Fund Grant Management in High-Risk Environments](#), 2) [2019 OIG Advisory on Grant implementation in Western and Central Africa: Overcoming barriers and enhancing performance in a challenging region](#), 3) [2022: Technical Evaluation Reference Group: Thematic Evaluation of the Global Fund's Performance in Challenging Operating Environments \(COE\)](#)

2.2 Overview of Global Fund Grants in high-risk settings

In its portfolio of over 100 countries, the Global Fund has classified 44 countries as high or very high risk, based on an internal metric known as the External Risk Index (ERI). The ERI is an aggregate of nine external indices that capture in-country risks driven by political, economic, governance, or operational factors and which can impact grant implementation, but which typically fall outside the span of control of the Global Fund and grant implementers.

US\$6.9 billion (53%) of the Global Fund's Grant Cycle 7 (GC7)¹² allocation is allocated to countries rated as having high or extreme security risk. Collectively, these countries account for a significant percentage of the global disease burden, as shown below:

Figure 2: Proportion of global disease burden in high and extreme security risk portfolios versus medium and low risk portfolios



2.3 Existing mechanisms and tools used in high-risk settings

As previously shown, successful grant implementation in high-risk countries is critical for the Global Fund to achieve its mission. To facilitate this, the Global Fund, in addition to standard grant management tools, has developed several mechanisms and tools to address implementation barriers in such environments. Some of these are highlighted below:

The Challenging Operating Environments (COE) policy aims to improve the effectiveness of activities in insecure and volatile contexts based on principles of flexibility, partnership, and innovation. As of May 2025, the Global Fund categorized 32 out of 44 high or very high risk-rated countries as "challenging operating environments". These countries have a very high ERI rating and are characterized by weak governance and man-made or natural crises. The COE Policy aims to systematize the Global Fund's approach in COEs and allows for ad-hoc classification to enable rapid responses to emergency situations. The Secretariat has developed a corresponding COE

¹² Following the [reprioritization & reduction in GC7 allocations](#), US\$ 6.2 billion (52%) is allocated to high & very high risk classified countries

Operational Policy Note (OPN) to provide operational guidance, including flexibilities for Country Teams to manage COE portfolios in an agile and timely manner.

The Emergency Fund is a Strategic Initiative¹³ established by the Global Fund Board to provide quick access to funds, and greater flexibility to fight the three diseases, in certain emergency situations.

The Additional Safeguard Policy (ASP) is a risk-based implementation mechanism applied by the Secretariat where critical constraints exist, for instance when program implementers lack capacity, or fail to effectively implement and/or safeguard Global Fund grant funding/assets because of factors beyond their control (e.g., civil unrest, an influx of displaced persons, government instability).

2.4 The three diseases¹⁴

HIV / AIDS	TUBERCULOSIS	MALARIA
 The 10 sampled countries account for 3% of the Global HIV disease burden in 2023.	 The 10 sampled countries account for 4% of the Global TB disease burden in 2023.	 Nine of the sampled countries account for 10% of the Global Malaria disease burden in 2023. ¹⁷
In 2023, 0.6 million people were living with HIV in eight of the sampled countries. ¹⁵ Marginal reduction of 7% on average in new HIV infections between 2022 and 2023 in four of the sampled countries. ¹⁶ AIDS-related deaths reduced by 9% between 2022 and 2023 in four sampled countries. ¹⁶ <i>Source: UNAIDS Global HIV and AIDS statistics data</i>	 TB treatment coverage increased and TB treatment success rate for both DS-TB and DR-TB increased in six of the sampled countries (2022 – 2023). <i>Source: WHO TB data</i>	 Marginal reduction of 3% on average in malaria incidence per 1,000 population between 2022 and 2023 in four of the sampled countries. Marginal reduction of 5% on average in malaria mortality per 100,000 population between 2022 and 2023 in six of the sampled countries. <i>Source: WHO Malaria burden data</i>

¹³[Special Initiatives - GF/B31/DP06](#)

¹⁴ OIG sampled ten countries (Afghanistan, CAR, Chad, Haiti, Mali, Niger, Somalia, South Sudan, Sudan and Ukraine) All ten countries have TB program data. All except Ukraine have Malaria programs. For HIV, UNAIDS data is only available in seven of the 10 countries.

¹⁵ No 2023 UNAIDS PLHIV estimates for CAR & Ukraine

¹⁶ No 2023 UNAIDS new HIV infections estimates for CAR, Somalia & Ukraine

¹⁷ No Malaria in Ukraine

3. Portfolio Performance Snapshot

3.1 Portfolio Performance

Grant Cycle (GC) 6 grant performance ratings for countries with high and extreme security risks are shown below.¹⁸ Both programmatic and financial performance improved across the three years, although most grants are performing moderately.

Figure 3: Programmatic Performance Rating

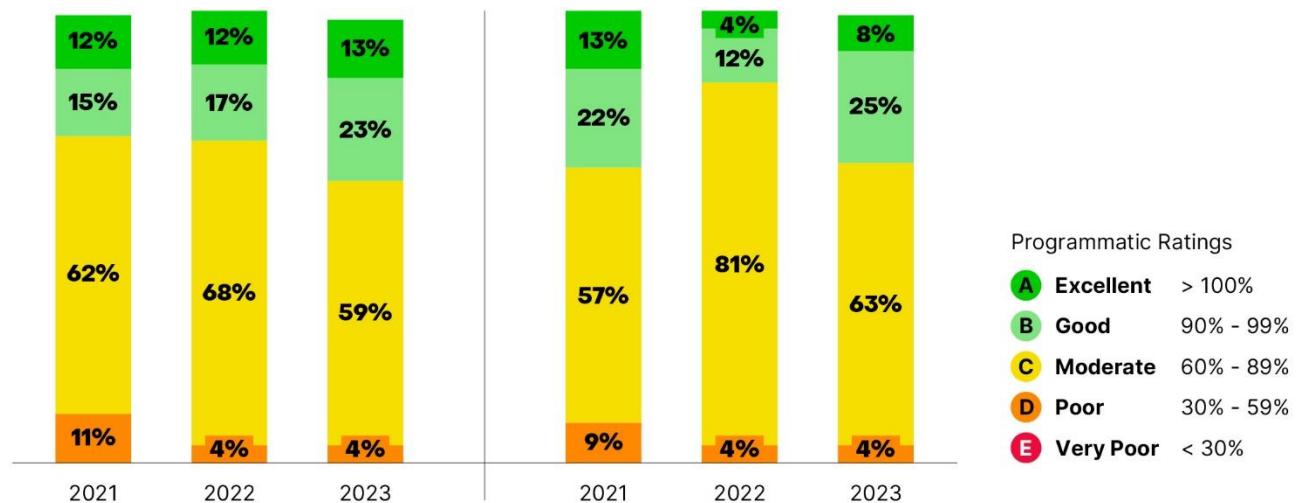
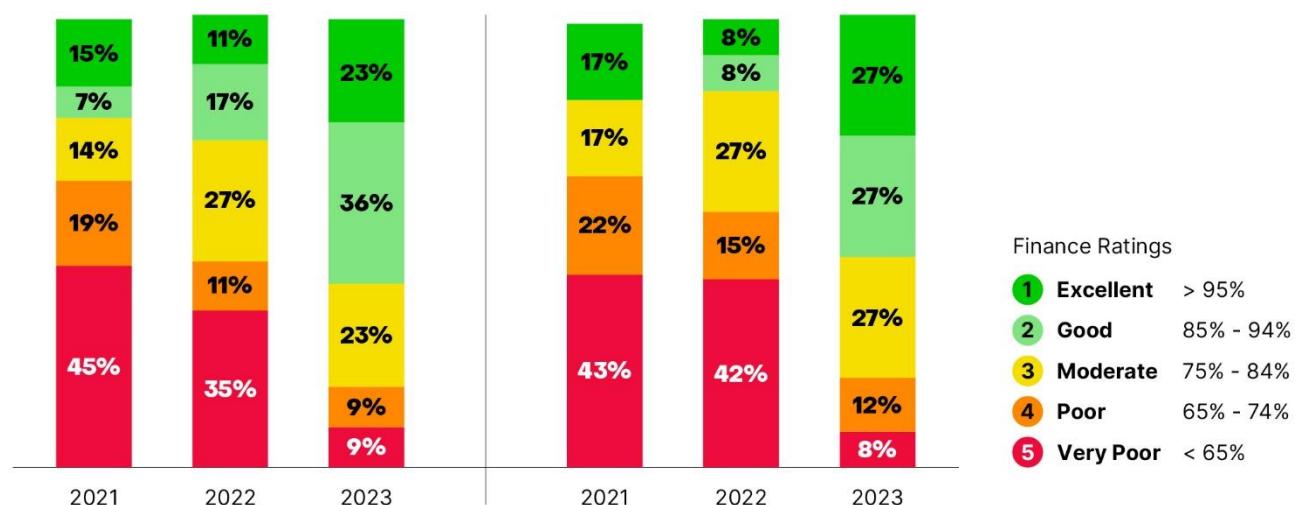


Figure 4: Financial Performance Rating



¹⁸ Effective February 2022, Global Fund [Revised PU/DR and Performance Ratings](#) with programmatic performance assessed via alphabetic ratings while financial performance assessed via numerical ratings. (Accessed 4 June 2025)

4. Findings

4.1 Progress made through innovation, adaptive strategies, and partnerships, but limited use of available tools and processes hinders further achievements

High and extreme risk portfolios consistently face factors that disrupt regular grant implementation. The Global Fund has effectively adapted in crisis settings, leveraging emergency funding, partnerships, and innovation, in order to ensure uninterrupted health service delivery to sustain and improve programmatic outcomes. However, limited understanding and application of COE flexibilities, as well as operational delays coupled to recurrent political and humanitarian crises, have slowed progress towards grant objectives.

The Global Fund supports countries experiencing crises through emergency reprogramming, approving Challenging Operating Environment (COE) flexibilities, accessing emergency funding, and leveraging strategic partnerships. This includes leveraging and expanding its multilateral approach to provide ongoing support, recognizing that crises in COEs require long-term interventions that blend development and humanitarian strategies.

Progress in the fight against HIV, TB, and malaria has been maintained through innovation, adaptive strategies, and leveraging partnerships in high and extreme risk settings

In crisis-hit countries, Global Fund grants have enabled continued delivery of program interventions by ensuring access to essential medicines, sustaining human resources for health, and reaching vulnerable communities and populations. In protracted crises, blended financing and collaboration with development and humanitarian partners have enhanced grant implementation.

During GC6, the Global Fund allocated an additional US\$53 million to five of the countries sampled for this review¹⁹ through the Emergency Funds Strategic Initiative, to sustain program implementation during crisis. The Secretariat also enhanced its crisis response and operational agility for two of these countries in crisis, by establishing Crisis Management Teams (CMT)²⁰ to facilitate tailored and rapid decision-making.

To maintain program continuity, the Secretariat approved flexibilities such as extending health product deliveries beyond allocation periods due to challenges in obtaining requisite documents for importation during the war in Ukraine. In six sampled countries, grant implementation arrangements were adapted, while four countries developed contingency plans and strategic frameworks to guide emergency interventions.²¹ These efforts were supported by internal tools, guidelines, and the operationalization of contingency plans in countries like Haiti, Sudan, and Ukraine.

To strengthen support for COE countries, in September 2023, the Secretariat merged the Change Coordination Team with the COE team to form the Implementation and COE (ICOE) Team, appointing a dedicated COE advisor to enhance operational structures. The ICOE team developed operational guidelines and toolkits, provided tailored support to Country Teams, and maintained an updated roster of prequalified emergency fund implementers. From mid-2024, the team initiated regular updates to department heads and facilitated workshops for Principal Recipients in COEs.

¹⁹ US\$53 million was awarded through Emergency Fund to Afghanistan, Haiti, Somalia, South Sudan and Ukraine

²⁰ The CMT is a senior executive management team empowered to provide steer and make decisions on operational matters related to a portfolio during volatile and rapidly evolving situations following a crisis. The members are Head of Grant Management Division, Chief Risk Officer, Head of Supply Operations Department, Chief Financial Officer, General Counsel and Head of Legal & Governance Department, (or their delegates). CMTs were established for Sudan and Ukraine

²¹ Haiti, Niger, Sudan and Ukraine developed and rolled out contingency plans, policies, strategic plans while there were adaptations of implementation arrangements in Afghanistan, Mali, CAR, Sudan South Sudan and Ukraine

In the countries reviewed, the Global Fund managed to leverage effectively some of the principles of the COE Policy, enabling service delivery in hard-to-reach areas.

Partnerships: In Mali, The Global Fund has maintained its dual-track financing model,²² and engaged both international and local non-governmental organizations. This has enabled it to leverage diverse expertise, including from civil society and the private sector.

Additionally, the Global Fund applied a differentiated delivery model, capitalizing on its robust partner ecosystem to facilitate access through humanitarian corridors and logistics clusters in several countries. This strategy supported the continued availability of health commodities in challenging operating environments, including the Central African Republic, Haiti, Mali, and Sudan.

Innovation: The Secretariat supported initiatives such as: Results-Based Contracting²³ for insecticide-treated net campaigns in South Sudan, and payment for results strategy in the Central African Republic; digitalization of the mass campaign in South Sudan; digital platforms for real-time reporting in Niger; and virtual delivery of HIV and TB services in Haiti and Ukraine. In Haiti, teleworking and staff redeployment enabled remote service delivery and coordination, despite insecurity. The Secretariat also supported regionalization and community health approach adaptations to improve access, and continue service provision, in conflict-affected areas of Mali.

Health facilities in Haiti, Mali, and Sudan were equipped with solar power, and mobile clinics were deployed to ensure continued access to services, despite infrastructure challenges. Mobile clinics in Haiti, Sudan, and Ukraine maintained access to essential services when health care infrastructure was damaged or inaccessible.

These interventions contributed to sustained and improved financial and programmatic performance outcomes across the three diseases²⁴ through GC6.²⁵

Insufficient adaptation of implementation modalities, and underutilization of COE policy flexibilities, are limiting program outcomes

The countries in scope for this review are consistently and severely affected by crises which cause significant disruptions to program implementation. The GC6 Sudan malaria grant was closed in July 2023 due to conflict-related challenges,²⁶ resulting in an eight-month implementation gap before the GC7 grant began in April 2024. In Ukraine, program delivery in non-government-controlled areas was halted entirely upon the breakout of full-scale war in 2022. Chad experienced over three years of political transition marked by instability and insecurity, restricted access, and an influx of refugees from Sudan. Similarly, Niger's 11-month military transition disrupted coordination, partner engagement, and continuity of service.

Furthermore, structural constraints, including governance limitations, inadequate national infrastructure, critical shortages in human resources for health, and insufficient domestic financial resources²⁷ have significantly contributed to the low achievement of grant objectives. Difficulties in accessing quality information in high and extreme contexts are reflected in the performance reported.

²² Dual-track financing includes both government and non-government Principal Recipients in proposals for Global Fund financing

²³RBC contracting aims to increase programmatic performance accountability and improve data availability by linking funding to results

²⁴Between 2014 and 2023, AIDS-related mortality fell in 6 of 7 countries with available data, and new HIV infections fell in 4 of 7 countries, with reductions of 19% to 31%. Malaria incidence fell in 6 of 9 countries, with reductions up to 36%, and mortality fell in 6 of 9 countries, with several achieving reductions over 20%. TB incidence declined in 7 of 10 countries (4% to 47% reductions), and TB mortality (excluding HIV-positive individuals) declined in 8 of 10 countries, with several reporting reductions over 40%. TB case fatality ratio improved in 9 of 10 countries

²⁵Of the 28 grants reviewed across 10 countries, 61% showed improved financial performance ratings during GC6, with 50% rated 2 or higher. Additionally, 81% of grants either maintained or improved their programmatic ratings over the period. While six grants declined in programmatic ratings, 29% achieved a high programmatic rating of B or better in 2023

²⁶ Extreme external factors impacting program implementation. Challenges included sanctions in an acute emergency coupled with a crash of health and financial systems.

²⁷ GC6 analysis shows average funding gaps of 54% for HIV, 43% for TB, and 46% for malaria across eight countries with available data

Consequently, none of the ten countries sampled achieved their GC6 grant objectives or are on track to meet global 2030 targets for HIV, TB, and malaria.²⁸ Seven countries achieved less than 20% of their grant objective,²⁹ and in five countries the absorption rate is below 85%.

The use of COE flexibilities that could have partly mitigated the impact these disruptions had on program implementation was limited and may have contributed to slower progress. In 50% of countries sampled, flexibilities were used primarily for administrative processes, such as requests for additional time for submission of routine reports, rather than to address implementation challenges. Additionally, only 23% of COE grants were combined, compared to 48% in non-COE portfolios in high impact and core portfolios in GC7, despite Operational Policy Note guidance recommending grant consolidation in high- and extreme-risk countries.³⁰ Siloed implementation across disease programs further limited efficiency.

There is limited understanding of the COE policy among implementers, including sub-recipients and humanitarian organizations who could contribute context-relevant input into flexibilities. Support to Country Teams was hindered due to the delayed reinforcement of the ICOE team in September 2023. Insufficient cross-country learning among Country Teams limits the sharing of lessons and best practices, and in some contexts, in-country stakeholders' resistance to consolidating grants constrained the use of available flexibilities.

The OIG's audit of the [Global Fund's approach to grant monitoring](#) noted that Performance Framework impact and outcome targets typically derive from National Strategic Plans. These often mirror global ambitions and may not reflect realistic program investments or targets. While the Global Fund's approach of maintaining high ambitions regardless of context may motivate countries to perform, it impairs its ability to determine the real causes for underperformance, and to take effective corrective actions.

Declining management action on limited use of available tools and processes

The Global Fund Secretariat has not proposed a Management Action for this finding. The Secretariat states that work is already well advanced in the roll-out and mainstreaming of revised Challenging Operating Environment (COE) operational policy and procedure as per AMA 1 [Audit of Global Fund Challenging Operating Environment Policy Implementation – Burkina Faso case](#).

In addition, the implementation of targeted guidance, toolkits and workshops will further strengthen the Global Fund's strategic and innovative approaches to implementation in high and extreme risk environments, including adaptation of implementation modalities and utilization of flexibilities. The Secretariat is scaling up its targeted engagement with both implementers and humanitarian partners through strategic platforms which support cross-country lessons learning and the sharing of best practices, evidenced by the annual COE Workshop held in November 2025.

²⁸ For **HIV**: Among the seven countries with available data, six are off track on new infections by an average of 13% and on HIV-related mortality by an average of 26%. For **Malaria**: Eight of nine countries are off track by 185% on mortality rates and 196% on incidence rates. For **Tuberculosis**: Nine countries are off track on TB-related deaths by an average of 118%, while eight of the nine countries are off track on incidence rates by 37%

²⁹ Sudan (0%) and Mali (5%) recorded the lowest performance, with Ukraine not assessable due to lack of SMART grant objectives

³⁰ In GC7, Sudan combined the HIV and TB grants into one. CAR also consolidated the grants in GC7 aimed at reducing the duplication of movements constrained by conflict and logistics challenges. In Afghanistan, when conflict erupted, the Global Fund expeditiously merged the four existing grants into a single grant in two months and provided emergency funding of USD 15M to support the Sehatmandi program for almost 2 months. This was an exceptional measure that enabled the country to avoid severe disruption of not only HTM services, but all healthcare services.

4.2 Despite strong financial assurance mechanisms, limited oversight and adaptation of programmatic and supply chain assurance hinder effective grant monitoring

Robust financial assurance mechanisms are contributing to low or moderate levels of residual financial risk. However, in the absence of an adequate Risk trade off decision mechanism, programmatic and supply chain assurance activities could not be properly prioritized to the context and often had to be cancelled.

The Global Fund has created robust mechanisms to reinforce financial oversight and assurance in high and extreme risk portfolios. In GC7, 77% of fiscal agents engaged in Global Fund portfolios are in Challenging Operating Environment (COE) countries, demonstrating efforts to mitigate financial and fiduciary risks. Twenty-nine countries with very high and high External Risk Index³¹ are under the Global Fund's Additional Safeguard Policy (ASP),³² reflecting a strategic focus on risk mitigation in these settings. Seven of ten sampled countries have set up Program Management Units to build government implementer capacity and enhance overall grant assurance.

The Global Fund has implemented several adaptive assurance mechanisms to maintain oversight and strengthen accountability. Principal Recipients (PRs) in Afghanistan, Haiti and Ukraine have adopted remote and virtual review methods to sustain oversight in inaccessible/fragile and insecure settings. Somalia and South Sudan adopted independent verification mechanisms (Third-Party Monitoring) to enhance accountability and transparency. South Sudan leveraged Data Quality Assessments conducted by partners to inform and refine grant coverage indicators. Ukraine adopted a 'benchmark'³³ approach to program implementation, monitoring, and performance, which was harmonized among partners and country stakeholders.

In contexts where reliable banking infrastructure was disrupted, such as Sudan and Chad, cash distribution agents were engaged, and mobile money payments adopted, to facilitate secure, traceable payments. In three countries, fly-in Local Fund Agent (LFA) experts were supported by local-based experts to ensure continuity and contextual relevance in assurance activities.³⁴

These measures have led to a reduction in residual accounting and financial reporting risk across all ten sampled countries, with all assessed at low or moderate levels as of June 2025. Financial performance also improved, with 68%³⁵ of countries showing improved ratings between 2021 and 2023, and 50%³⁶ rated 2 or higher at the end of GC6.

However, limited oversight and insufficient adaptation of programmatic and supply chain assurance activities continue to impede effective grant monitoring and the availability of accurate, up-to-date data for grant design and commodity visibility.

Programmatic and supply chain assurance activities are not adequately tailored to high and extreme risk environments, and are hindering effective grant monitoring

Across the sampled countries, 50% of planned programmatic assurance activities and 41% of supply chain assurance activities were cancelled without alternative oversight mechanisms, despite high or very high risks in monitoring & evaluation and in-country supply chains, in nine of the ten countries.

³¹ A composite index, developed by the Secretariat, which captures the complex and multidimensional reality of COE countries

³² ASP was established by Board mandate in 2004 as an approach for "alternative funding mechanisms where constraints exist about funding Principal Recipients and sub recipients" ASP Policy approved by the Global Fund Board in 2004 (GF/B07/DP14)

³³The benchmark does not use estimated data, so no denominators are included in the performance framework. The war has resulted in population movement rendering previous population estimates obsolete and preventing the development of new, reliable estimates. The benchmark considers the sub-national data analysis and data received in 2022, which most closely depicts the impact of the war.

³⁴ Haiti, Sudan and Ukraine

³⁵ 19 out of 28 grants in the ten countries sampled

³⁶ 14 out of 28 grants in the ten countries sampled

Implementing planned assurance activities is not always feasible or optimal, particularly in contexts with significant security concerns. However, in the absence of an operational risk appetite defined at portfolio level, assurance activities may not be adequately prioritized based on sound risk trade-off decisions. Consequently, these activities may be cancelled without necessary compensating measures, reducing the effectiveness of the assurance framework.

Nine out of the ten countries lacked reliable consumption and logistics data, limiting visibility across the supply chain, and the ability to monitor and detect problems. This contributed to stock-outs, expiries, and losses. Between 2021 and 2024, 60% of countries sampled experienced stock-outs, with reported expiries valued at US\$8.9 million, and losses of health products totaling US\$20 million.

Furthermore, program design in eight countries was based on outdated or inaccurate data, limiting the ability to set relevant targets. Data challenges also contributed to modest target setting of coverage indicator targets that report overachievement.³⁷ While this may reflect positively on performance, it can obscure inefficiencies and limit ambition in program outcomes.

Although there were Key Mitigation Actions (KMAs), and budgeted program activities geared to addressing persistent programmatic and supply chain data challenges, KMA implementation is delayed by an average of two years in seven countries, and budgeted program activities were not implemented in two countries.³⁸ The OIG also noted low utilization of Resilient and Sustainable Systems for Health (RSSH) budgets,³⁹ which affected the availability of programmatic data. US\$19 million allocated in GC6 to strengthen DHIS2 and HMIS systems was underutilized, with an average absorption of 61% in the ten countries sampled. Additionally, the absence of standardized protocols defining the minimum level of assurance required when full Local Fund Agent access is not possible meant that the Global Fund had to issue waivers in GC6 and GC7 to LFAs in the Central African Republic, Mali, Somalia, and South Sudan, and to limit assurance activities to desk reviews. Similar adaptations occurred in Sudan and Ukraine during conflict.

The absence of clear guidance creates inconsistencies and potential assurance gaps across high-risk portfolios. An adequate portfolio level risk appetite definition and risk trade-off decision process to determine critical assurance activities may have identified those gaps and supported prioritization of relevant mitigating actions. In the resource-constrained setting⁴⁰ which portfolios operate in, clearly defining and operationalizing risk appetite may reduce administrative burden.⁴¹

³⁷ In South Sudan, Somalia and Ukraine, country teams revised/planned to revise performance indicator targets upwards to reflect updated information

³⁸ Afghanistan, Haiti, Mali, Niger, South Sudan, Somalia, CAR, and Ukraine

³⁹ Underutilization was driven by factors such as limited technical capacity, complex procurement processes, dependency on external vendors, and contextual challenges like political instability and competing priorities during health emergencies.

⁴⁰ In GC6, 80% (with data) of the countries sampled had average funding gaps of 54% for HIV, 46% for malaria & 43% for TB programs

⁴¹ Only 20% of the countries sampled had articulated financial risk acceptance thresholds in line with the higher programmatic and supply chain risks to support grant implementation in high or extreme risk portfolios

Declined management action in connection with limited oversight and adaptation of programmatic and supply chain assurance

The Global Fund Secretariat acknowledges that implementation of planned assurance activities is not always feasible or optimal, particularly in contexts with significant security concerns. This is even more challenging for programmatic and supply chain assurance activities which often rely on verification of implementation at service delivery points.

The Secretariat has not proposed a Management Action for this finding stating that the Global Fund is reviewing and updating its Risk Appetite Framework, whose operationalization at portfolio level will provide the necessary agility and flexibility to facilitate risk mitigation plans and assurance activities that are adequately prioritized based on sound risk trade-off decisions, including implementing necessary compensating measures when such activities are cancelled and/or explicit risk acceptance. The Secretariat considers the operationalisation of the revised Risk Appetite Framework will strengthen programmatic and supply chain risk assurance activities and oversight mechanisms to ensure the Global Fund remains agile and adaptable to respond to the challenges of the implementation in volatile high and extreme risk environments. The operationalization of this framework will begin in second half of 2026 and anticipated to be fully rolled out under GC8.

Annex A. Audit rating classification and methodology

Effective	No issues or few minor issues noted. Internal controls, governance and risk management processes are adequately designed, consistently well implemented, and effective to provide reasonable assurance that the objectives will be met.
Partially Effective	Moderate issues noted. Internal controls, governance and risk management practices are adequately designed, generally well implemented, but one or a limited number of issues were identified that may present a moderate risk to the achievement of the objectives.
Need significant improvement	One or few significant issues noted. Internal controls, governance and risk management practices have some weaknesses in design or operating effectiveness such that, until they are addressed, there is not yet a reasonable assurance that the objectives are likely to be met.
Ineffective	Multiple significant and/or (a) material issue(s) noted. Internal controls, governance and risk management processes are not adequately designed and/or are not generally effective. The nature of these issues is such that the achievement of objectives is seriously compromised.

The OIG audits are in accordance with the Global Institute of Internal Auditors' definition of internal auditing, international standards for the professional practice of internal auditing and code of ethics. These standards help ensure the quality and professionalism of the OIG's work. The principles and details of the OIG's audit approach are described in its Charter, Audit Manual, Code of Conduct and specific terms of reference for each engagement. These documents help safeguard the independence of the OIG's auditors and the integrity of its work.

The scope of OIG audits may be specific or broad, depending on the context, and covers risk management, governance and internal controls. Audits test and evaluate supervisory and control systems to determine whether risk is managed appropriately. Detailed testing is used to provide specific assessments of these different areas. Other sources of evidence, such as the work of other auditors/assurance providers, are also used to support the conclusions.

OIG audits typically involve an examination of programs, operations, management systems and procedures of bodies and institutions that manage Global Fund funds, to assess whether they are achieving economy, efficiency and effectiveness in the use of those resources. They may include a review of inputs (financial, human, material, organizational or regulatory means needed for the implementation of the program), outputs (deliverables of the program), results (immediate effects of the program on beneficiaries) and impacts (long-term changes in society that are attributable to Global Fund support).

Audits cover a wide range of topics with a particular focus on issues related to the Impact of Global Fund investments, procurement and supply chain management, change management, and key financial and fiduciary controls.