

Audit Report

Global Fund Grants in the
Republic of
Benin

GF-OIG-24-003
18 March 2024
Geneva, Switzerland

 **THE GLOBAL FUND**
Office of the Inspector General

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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.

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1. Executive Summary

1.1 Opinion

Benin, a lower-middle income country in West Africa, has achieved considerable progress in the fight against the three diseases. The rate of infections and incidence of HIV and tuberculosis (TB) have been steadily declining, however there has been an uptick in cases of malaria. New HIV infections decreased by 41% and deaths by 29% from 2015 to 2021. TB incidence decreased from 86 to 53 per 100,000 inhabitants between 2000 and 2021, and treatment success rate increased from 78% to 90% in the same period. Malaria remains a significant public health challenge, with reported incidence having seen an increase in recent years from 167 to 221 per 1,000 inhabitants between 2017 and 2021. Additional prevention measures for vulnerable populations (pregnant women and children under 5) have been introduced to curb the trend.

In general, financial controls were found to be working in Benin. A recently developed joint procedures manual among the national Principal Recipients helps to strengthen the control environment. A Fiscal Agent provides an additional layer of assurance for three of the grants. However, the Principal Recipient requested approval from the Global Fund's Country Team to deviate from their procurement policies to select the suppliers for three C19 RM procurements. This was at the height of the COVID-19 pandemic and decisions had to be made quickly to secure supply of commodities. However, there are no guidelines or policies at the Global Fund for evaluating and approving similar requests. As a result, the Country Team approved the requests without following a structured approach to assess and manage the additional risks. While the pressure of the pandemic can justify the urgency of the Country Team's actions, centralized guidelines would have better informed decision-making during this emergency.

Potential conflicts of interest are not mitigated in Benin according to Global Fund policies. The Country Coordinating Mechanism (CCM) is anchored within one of the Principal Recipients (CNLS-TP) and the CCM Chair is also serving as both Head of this Principal Recipient and Minister of Health. The CCM selected CNLS-TP as the proposed sole Principal Recipient for all Global Fund grants for Grant Cycle 7 (GC7), which presents a potential conflict of interest. The adequacy and effectiveness of financial controls and oversight governance mechanisms are **Partially Effective**.

The OIG reviewed the design of the remaining programs which focus on relevant interventions. The Government of Benin has developed an ambitious and comprehensive National Community Health Strategy. It aims to ensure nationwide coverage of community health workers, and provide a defined package of services, supported by a supervisory cadre of qualified community health workers. The implementation of the strategy is delayed, which has led malaria interventions in communities to underperform. Delayed implementation also impacts HIV and TB, given that community health worker contributes to wider programmatic interventions, such as improving HIV treatment coverage in children and finding missing TB cases. The design and adequacy of the responses in Benin are rated as **Partially Effective**.

Health products are available in the country and the overall supply chain management is robust. Health products are procured through Pooled Procurement Mechanism (PPM)/wambo.org for HIV and malaria components and Global Drug Facility (GDF) for TB products, which ensures quality assured products. Benin is a pilot country in procuring health products funded domestically through wambo.org. The Government of Benin is working to integrate health product information systems, but there are currently numerous fragmented systems operating in parallel. These have limited

triangulation and cause minor stock-outs at the health facility level, despite the availability of products at the central level. The adequacy and effectiveness of accountability, controls and processes surrounding the in-country supply chain arrangements is **Partially Effective**.

1.2 Key Achievements and Good Practices

Progress made in the fight against the three diseases: Benin has made significant progress in the fight against the diseases, with gains for HIV and TB. The number of people living with HIV, new infections and HIV-related deaths all decreased between 2015 and 2021. In 2022, the country demonstrated strong results in terms of HIV diagnosis and treatment: 85% of people living with HIV knew their status and 99% of those had initiated antiretroviral treatment. However only 66% have suppressed viral load. TB incidence decreased from 86 per 100,000 inhabitants in 2000 to 53 in 2021, and the treatment success rate increased from 78% in 2000 to 90% in 2021.¹ An increasing number of health facilities diagnosing and treating TB, a stable supply of drugs and improved coverage of GeneXpert contributed to the decrease. For malaria, the long-term trend has been a decrease in estimated incidence, which stood at 41,245 per 100,000 inhabitants in 2000 and reduced to 38,345 per 100,000 inhabitants in 2021. Mortality also decreased from 106 to 86 per 100,000 inhabitants during the same period. However, since 2017 (but especially since the onset of the COVID-19 pandemic), there has been an increase in reported incidence and mortality.²

Prevention of mother-to-child transmission (PMTCT): Out of the 1,297 health centers in Benin, nearly 97% offer PMTCT services.³ Almost all pregnant women who attend a pre-natal consultation receive an HIV test⁴ and those who are HIV positive are systematically initiated on antiretroviral treatment to prevent HIV transmission to the infant. Although more than half of newborn infants do not receive an HIV test to confirm their status after birth, the early infant diagnosis rate of 46% is double that of neighboring countries.⁵ Vertical transmission (HIV transmission from mother to baby) has decreased from 21% in 2015 to 10% in 2021 according to UNAIDS,⁶ but a new study indicates a significantly lower vertical transmission rate of 3%.⁷ To reach mothers and infants after birth, Benin takes advantage of vaccination appointments to conduct HIV testing.

Digitalization of malaria campaign data: Long-lasting insecticidal net (LLIN) mass distribution and seasonal malaria chemoprevention (SMC) campaigns have digitalized their processes and tools to improve data collection. Digital tools help improve data quality and tracking can be done in real time.

Initiatives to improve governance of the CCM and Principal Recipients: The CCM Secretariat has successfully filled key positions that had been vacant for some time. The new staff had started shortly before the audit and can contribute to improved functionality of the CCM. The governance of, and coordination between, national Principal Recipients, has improved with the support of an integrated procedures manual.

Governance reforms of the supply chain have started: National efforts are being made to improve coordination and control of the health product supply chain. Reform of the governance of pharmaceutical systems is underway. This includes redefining the roles and responsibilities of different actors in the supply chain in-country and its different levels, from central (the national

¹ WHO, Global Tuberculosis Report 2022

² Reported deaths increased from 2,182 in 2017 to 2,956 in 2021 and reported incidence increased from 167 per 1,000 inhabitants in 2017 to 221 per 1,000 inhabitants in 2021. WHO World Malaria Report 2022.

³ 2022 figures from PSLs. All sites that did not offer PMTCT services were private sites.

⁴ During the period July-December 2022, out of 343,580 registered pregnant women, 339,017 were tested for HIV according to PSLs data reviewed by the LFA.

⁵ Comparison with the neighboring countries: Togo, Burkina Faso, Niger, Nigeria

⁶ UNAIDS Aidsinfo

⁷ Benin Ministry of Health, 'Etude sur le taux de transmission du VIH de la mère à l'enfant au Bénin au cours de 2019'

medical store, SOBABS, regulatory authorities and supply coordination department) to the last mile at the peripheral level. The Government of Benin has also strengthened its measures to combat the illicit market of health products and has removed the sale of medicines by unauthorized vendors on the street.

1.3 Key Issues and Risks

Increased procurement risks were not formally assessed and trade off decisions were not documented: At the height of the COVID-19 pandemic, the Global Fund Country Team for Benin approved requests from a Principal Recipient to deviate from mandated procurement procedures to support Benin's COVID-19 response. Given the value of the procurements, the selection of the vendors (for PCR tests, oxygen and hydroalcoholic gel) would have required an international tender. However, the Principal Recipient requested to forego an international tender and instead selected a national pre-identified supplier, citing the rationale of urgency. The non-execution of an international tender, while understandable in a rapidly evolving context such as amid a pandemic, entails a significantly higher level of risk due to the lack of competitive bidding process. There are no defined guidelines or policies at the Global Fund regulating how the Country Teams shall analyse and document the risk trade-offs taken when reviewing these types of requests should these occur at a time of crisis or emergency. The Benin Country Team did not comprehensively document their assessments, the actions put in place to manage the increased level of risks, nor the trade-off decisions made.

Weaknesses in CCM governance and non-transparent Principal Recipient selection for upcoming grants: The CCM has faced governance issues with key positions being vacant and meetings not held on a regular basis. The Oversight Committee has performed limited activities, which contributed to a lack of grant oversight, including for the realization of the Government of Benin's co-financing commitment. The CCM also has a Conflict-of-Interest Committee, but it is not functional and has never met. In 2023, while key positions in the CCM Secretariat were recruited and the leadership had changed, the functionality of the committees was still limited.

The CCM is embedded in the Principal Recipient CNLS-TP, the president of which also chairs the CCM. This poses a risk of conflict of interest. In its GC7 funding request, the CCM proposed CNLS-TP as the only Principal Recipient for Global Fund grants to Benin. The CCM did not take the necessary measures to address the conflict of interest in the Principal Recipient selection process, with the president of the Principal Recipient voting as chair of the CCM. Furthermore, the process did not follow Global Fund guidelines related to establishing objective nomination criteria, risk mitigation and documentation of key decisions. The CCM's assessment criteria and the mitigation measures to be put in place to address CNLS-TP's performance should have been documented before reappointing the Principal Recipient. The issue should have also been escalated within the Global Fund Secretariat to enable the Access to Funding Department – which screens funding requests – to conduct a more in-depth assessment of the risks.

Delays in rolling out the National Community Health Strategy have affected the malaria, TB and HIV programs: The Government of Benin has developed a comprehensive national community health strategy, aimed at enhancing health services at the community level as part of its broader 'one health' strategy. It features greater geographical coverage and two tiers of community health workers – benefiting from increased remuneration – to improve supervision and referrals. However, its implementation is delayed and took three years to start. This created a gap in provision of community health services. Community health workers are key to diagnosing and treating malaria in the community and can also contribute to active TB case finding and improved HIV services for

underserved populations. Implementation of the strategy has begun, and a pilot is ongoing. International partners have also been engaged to finance part of the strategy and identification of community health workers for additional municipalities has started.

Fragmented LMIS and insufficient coordination among PSM stakeholders led to inefficient inventory management and limited overview of stock at peripheral level: While a project to integrate logistic management information systems (LMIS) is ongoing, there are currently numerous fragmented systems operating in parallel, both electronic and manual. These are not integrated and there is limited triangulation of data between systems, and between patient and logistics data. This reduces data quality and limits overview of the health products. The OIG noted minor instances of stock-outs at the health facility level, while stock was available at the central level. There is limited coordination between the national programs, as well as between the programs and the national medical store (SOBAPS). The programs order products separately, which has resulted in overlapping orders arriving at the same time with storages full of products. This negatively affecting storage conditions. There are limited integrated supervision visits and cross-cutting challenges, such as the need to improve storage conditions, are not being addressed.

1.4 Objectives, Ratings and Scope

The audit's overall objective was to provide reasonable assurance to the Global Fund Board on grants to the Republic of Benin. The audit's specific objectives, ratings and scope are outlined in the below table.

Objectives	Rating	Scope
The adequacy of program design for ensuring that programs support the achievement of national objectives in the fight against HIV, TB and malaria, focusing on community activities and activities to key grant beneficiaries (pregnant women and children under 5).	Partially Effective	<p>Grants and implementers: The audit covered the Principal Recipients and sub-recipients of Global Fund-supported programs.</p> <p>Audit period: The audit covered grants from 1 January 2021 to 31 March 2023, as well as the design of future arrangements for the implementation of grants in Benin.</p>
The adequacy and effectiveness of accountability, controls and processes in place of the in-country supply chain arrangements to ensure continuous availability of health products.	Partially Effective	
The adequacy and effectiveness of financial controls and oversight governance mechanisms to ensure value for money, accountability and transparency of Global Fund grants.	Partially Effective	

The audit team visited 18⁸ health facilities, hospitals and district pharmacies across four regions (Atlantiques, Collines, Zou, Littoral), and the central medical store (SOBAPS) warehouse. The visited regions account for 49% of the national ART cohort, 45% of notified TB cases and 33% of all malaria cases.

Details about the general audit rating classification can be found in [Annex A](#) of this report.

⁸ CNHU, Centre Hospitalier Départemental Zou-Collines, Hôpital Bethesda, CHU Z Abomey Calavi Soave, HZ Ouidah, HZ Dassa Glazoué, HZ Savalou, Hôpital St Luc, CHUZ Suru Lere, CS Godomey, CS Glazoué, CS Allada, CS Racines, CS Missessin, CS Ayewaladjè, DRZ Abomey-Calavi-So-ava, DRZ Dassa-Glazoué, DRZ Savalou

2. Background and Context

2.1 Country Context

Benin is categorized as a Core country as per the Global Fund differentiation framework. It is a politically stable country and succeeded in continuous democratic transitions.⁹

Characterized as lower-middle-income country and located in Western Africa, Benin shares its coast with Togo to the West and Nigeria to the East. Agriculture is the most important sector of the economy. Around 39% of the population live below the poverty line.¹⁰

The health system in Benin is divided into 12 regions ('*départements*') which in turn are divided into 34 health zones. Out-of-pocket spending remains high and makes up for 41% of health expenditure.¹¹ Other main sources of health system financing include government funding and health insurance schemes. GDP contribution to health has slightly increased¹² from 2.5% in 2016 to 2.6% in 2020. The country faces a shortage of health workers across the health pyramid with 0.6 health workers per 10,000 in 2020 (compared to WHO standards of 2.5 per 1,000 population).

Country data ¹³	
Population	14.2 million (2023 estimate)
GDP per capita	US\$ 3,300 (2021 estimate)
Corruption Perception Index	72/180 (2022)
UNDP Human Development Index	166/191 (2021)
Government spending on health (% of GDP)	2.6% (2020)

2.2 Global Fund Grants in the Republic of Benin

Since December 2003, the Global Fund has signed over €507 million and disbursed more than €460 million (as of June 2023).¹⁴ Active grants total just under € 120 million,¹⁵ of which 65% was disbursed for the 2021 to 2023 funding allocation period.¹⁶

The national programs and a dedicated Project Management Unit within the Ministry of Health (*Ministère de la Santé*) are the Principal Recipients of HIV, TB, malaria and Resilient and Sustainable Systems for Health (RSSH) grants for a total of €89.3 million distributed as follows:

- *Programme Santé de Lutte contre le Sida* (HIV) : €31.2 million
- *Programme National contre la Tuberculose* (TB) : €6.7 million

⁹ [Political Context – World Bank country overview](#)

¹⁰ [CIA World Factbook](#)

¹¹ [Out of pocket expenditure \(% of current health expenditure\)](#)

¹² [Health expenditure \(as % of GDP\) - Benin](#)

¹³ [UNFPA, World Bank, UNDP, Transparency International; National Institute of Statistics](#), all accessed in November 2023

¹⁴ [The Global Fund's Data Explorer, Benin Overview](#), accessed on 16 June 2023

¹⁵ All Global Fund grants are signed in US\$ except for 14 countries that use XOF/XAF as currency. For these countries, grant amount, disbursement and reporting are made in Euros given that the XAF/XOF is pegged to the Euro.

¹⁶ Figures are from internal data source - Grant Operating System (GOS), accessed on 16 June 2023

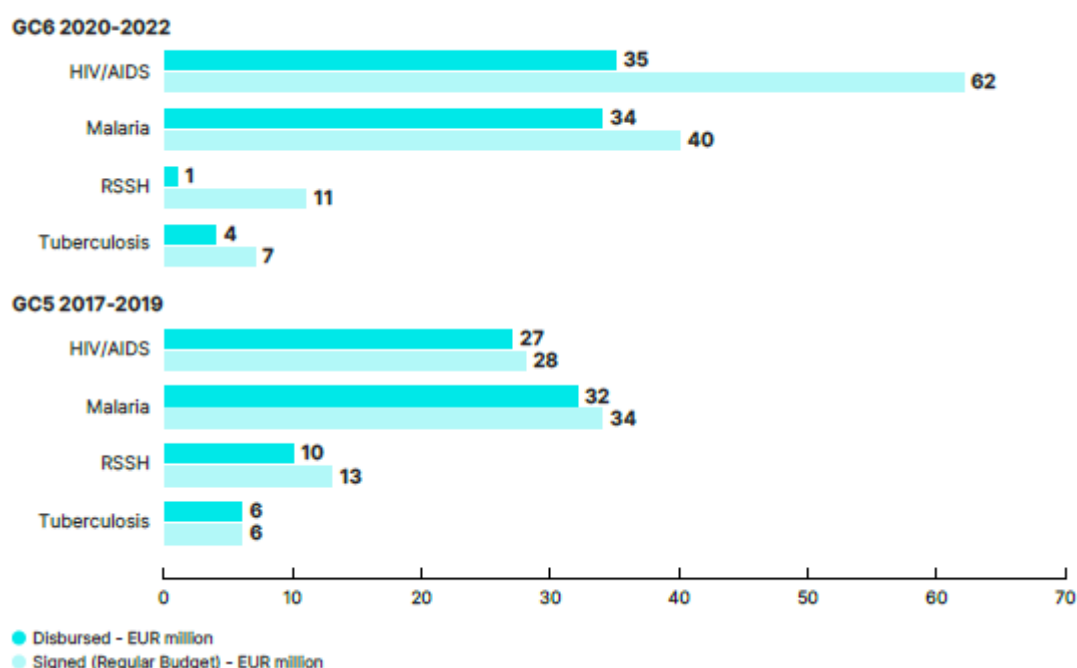
- *Programme National de Lutte contre le Paludisme (Malaria)* : €39.9 million
- *Conseil National de Lutte contre le VIH/Sida, la Tuberculose et le Paludisme* : €8.1 million for RSSH and €3.4 million for C19RM

Another HIV grant (€6.3 million) is managed by the non-governmental organization (NGO) Plan Benin, as well as a C19RM grant of €24.1 million.

The NGO sub-recipient Afric'Mutualité implements the TB grant.

In GC6 grant funding, 63% of the grant goes towards procuring medicines, health products and equipment. The central medical store (SOBAPS) is responsible for storing and distributing medicines and health products related to Global Fund grants.

Figure 1: Funding allocations, prior and current funding cycles (as of July 2023)



2.3 The Three Diseases

HIV / AIDS (2022)



72,000 people are living with HIV as of 2022. 85% know their status and 81% are on treatment. 82% of people on treatment have suppressed viral load (66% of all people living with HIV).

Annual new infections decreased by 69% from 4,800 in 2010 to 1,500 in 2022.

AIDS-related deaths decreased by 32% from 2,800 in 2010 to 1,900 in 2022.

99% of pregnant women with known HIV infections received antiretroviral treatment in 2022. Early infant diagnosis is at 46%.

HIV is **concentrated in the three main key populations** with higher prevalence among: transgender people (21.9%), men who have sex with men (8.3%), sex workers (7.2%) and injectable drugs users (2.1%).

Source: [UNAIDS – Benin fact sheet](#) (Accessed on 18 July 2023)

TUBERCULOSIS (2021)



Of the 6,900 estimated TB cases, only 54% are diagnosed and treated.

TB incidence has declined by 22% since 2010, from 68 to 53 per 100,000 people in 2021.

Mortality rate has decreased since 2010, from 33 per 100,000 to 9.8 in 2021.

Treatment success rate is over 90%, since 2010.

HIV-TB co-infection PLHIV represents 14% of TB cases notified. As of 2021, 96% of HIV-positive TB patients are on antiretroviral therapy during TB treatment.

Source: [Benin TB country profile 2021; WHO database \(accessed on 18 July 2023\)](#)

MALARIA (2021)



Malaria incidence of 38,345 per 100,000 in 2021, a **slight decrease** from 42,050 in 2017 and 40,896 in 2010.

Despite measures implemented (LLIN distribution, SMC etc.), malaria remains **the leading cause of medical consultations (40%)** and hospitalizations (25%).

3.2 million malaria cases treated in 2021 from 1.9 million in 2010.

The usage of ITN remains low at 61.9%, 61% of children aged less than 1 year, and 63% of pregnant women.

The **last mass campaign was digitalized** in 2020 with 7.6 million LLINs distributed. The 2023 campaign is in progress.

Estimated **malaria mortality rate** decreased from 4.57 deaths/1,000 cases in 2010 to 3.48 deaths/1,000 cases in 2021.

Source: [World malaria Report 2022, Malaria Indicator Survey 2022](#)

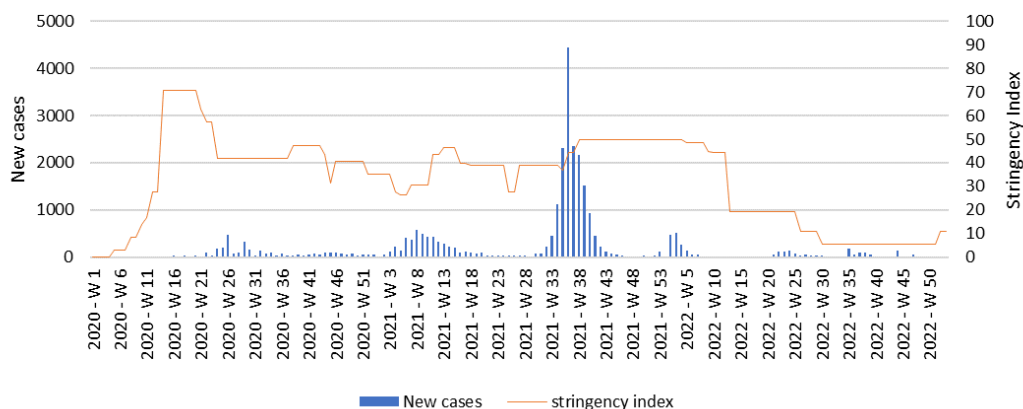
2.4 COVID-19 Situation in Benin

COVID-19 statistics¹⁷

Confirmed cases	28,014
Deaths	163
Recovered	27,847

Since March 2020, Benin has taken stringent containment measures, including lockdowns and curfews, to slow the spread of the virus. The measures taken have led to disruptions in the continuity of services and impacted the provision and uptake of health and care services. Cumulatively, from the start of the pandemic until 16 July 2023, the case fatality rate has been 0.58%.

Figure 2: COVID-19 cases and stringency index¹⁸



¹⁷ University of Oxford, Our World in Data, July 2023

¹⁸ University of Oxford's Our World in Data, accessed on 17 July 2023. COVID-19 cases dataset: [Our world in data Our World in Data](#). Government Response Stringency Index: composite measure based on nine response indicators including school closures, workplace closures, and travel bans, rescaled to a value from 0 to 100 (100 = strictest response)

3. Portfolio Risk and Performance Snapshot

3.1 Portfolio Performance

Historically, Global Fund grants in Benin have a relatively good programmatic performance against targets but poor financial performance, as shown below. CNLST-TP has shown poor performance (both programmatic and financial) due to delays in implementation of community health strategy, challenges to fulfil Global Fund grant conditions and a low in-country absorption rate (48%) as of 31 December 2022.

GC6 Allocation (2021-2023)				Grant Rating*			
Grant Name	Component Name	PR Name	Total Budget EUR	S1 2021	S2 2021	S1 2022	S2 2022
BEN-H-Plan Benin	HIV	Plan International Benin (International NGO)	30,411,873	A4	A4	B5	B5
BEN-H-PSLS	HIV	National Aids Control Program (PSLS)	31,173,408	A4	A4	A5	A4
BEN-T-PNT	Tuberculosis	National Tuberculosis Program,(PNT)	6,710,455	B3	B3	C4	B3
BEN-M-PNLP	Malaria	National Malaria Control Program (PNLP)	39,899,213	A2	A2	A5	A5
BEN-S-CNLS-TP	RSSH	Conseil National de Lutte contre le VIH/Sida, la Tuberculose, le Paludisme, les Hépatites, les Infections Sexuellement Transmissibles et les Epidémies (CNLS – TP)	11,486,863	B1	B5	C5	D5
Total			119,681,812				

(*)A new performance rating scale has been defined for all Global Fund portfolios since January 2022.

⊙ GC5 allocation period rating.

3.2 Risk Appetite

The OIG compared the Secretariat's aggregated assessed risk levels of the key risk categories covered in the audit objectives for the Benin portfolio, with the residual risk that exists based on the OIG's assessment, mapping risks to specific audit findings. The full risk appetite methodology and explanation of differences are detailed in [Annex B](#) of this report.

Audit area	Risk category	Secretariat aggregated assessed risk level	Assessed residual risk based on audit results	Relevant audit issues
Grant design and implementation	HIV: program quality	Moderate	Moderate	Finding 4.3
	TB: program quality	Moderate	Moderate	
	Malaria: program quality	Moderate	Moderate	
	Monitoring & Evaluation	Moderate	Moderate	
Supply Chain Management	Procurement	Low	Low	Finding 4.4
	In-country supply chain	Moderate	Moderate	
Financial internal controls and Grant Governance	Grant-Related Fraud & Fiduciary	Moderate	Moderate	Finding 4.1 Finding 4.2
	Accounting and Financial Reporting	Moderate	Moderate	
	In-Country Governance	Moderate	Moderate	

4. Findings

4.1 The Global Fund lacks sufficient guidance for ensuring diligent review and approval for Principal Recipients deviating from their procurement policies deviations

General financial controls at the Principal Recipients were found to be working, however, deviations were noted for three procurements of COVID-19 products. While the Global Fund Country Team approved these decisions in an environment of increased demand of health commodities, this was not informed by a structured and formalized assessment of the increased risks. Existing procedures lack guidance on the execution and escalation of such assessments, resulting from Principal Recipients having deviated from agreed procurement policies.

The OIG verified 28% of financial general ledger expenditure (totalling €3.7 million) and 90% of local procurement (€6.8 million)¹⁹ for malaria, HIV and health systems strengthening, and COVID-19 transactions. Based on the sample reviewed, no material gaps were identified in the internal control systems and assurance mechanisms at the Principal Recipients audited.²⁰ The four national Principal Recipients have recently elaborated and rolled out a joint procedures manual, covering key operational areas such as financial management, accounting, procurement, personnel matters and sub-recipient management. This demonstrates collaboration between the Principal Recipients and ensures that policies are uniform throughout the grants.

In addition to the assurance provided by the Local Fund Agent (LFA) and external auditors, the Global Fund has appointed a fiscal agent to perform verification on all national Principal Recipients except the National Tuberculosis Program, which manages the TB grant.²¹

During the review of transactions related to procurement of COVID-19 products, the OIG noted deviations from agreed policies and procedures in the supplier selection of three procurement processes managed by the Principal Recipient for a combined contract value of €2.1 million.

The Global Fund awarded a total of €27.4 million in funding from its COVID-19 Response Mechanism (C19RM) to support the COVID-19 response in Benin. This included funding for PCR tests, oxygen and oxygen tanks, as well as hydroalcoholic gel, to be procured by the Principal Recipient Plan Benin. These procurements were conducted through 'local procurement' – meaning the Principal Recipient is responsible for the entire procurement process, including selecting suppliers (either international or domestic). In carrying out this process, Principal Recipients must comply with their own procurement policies, as agreed with the Global Fund.

According to Plan Benin's procurement policies, any procurement exceeding €150,000 (including for emergency procurements) must be conducted through an international tender process. The contracts' initial values (i.e., at the time of selecting the supplier) were: €1.86 million for PCR tests (final procurement value €1.53 million), €2 million for oxygen and oxygen tanks (final procurement

¹⁹ Based on the local procurement plans

²⁰ The following Principal Recipients were included in the audit scope for financial review: PSLS (HIV), PNLP (malaria), CNLS-TP (health systems strengthening + COVID-19) and Plan Benin (HIV + COVID-19)

²¹ The Fiscal Agent does not support the National Tuberculosis program as the risk given the financial volume was not considered significant enough to warrant Fiscal Agent support

value €0.43 million) and €0.19 million for hydroalcoholic gel (final procurement value €0.11 million). Therefore, all exceeded the threshold that requires procurement through an international tender.

These procurements had to be completed at the height of the COVID-19 pandemic and Plan Benin requested authorization from the Global Fund Country Team (i.e., a 'no objection'²²) to deviate from its own procurement policy and forego an international tender process to instead procure the COVID-19 products from pre-identified suppliers. Plan Benin cited the urgency of the procurements given the ongoing COVID-19 pandemic as the rationale for this deviation. The requests were sent between August and September 2021 and the Country Team agreed swiftly to not object, ensuring a rapid and effective response to the country's needs. However, the Country Team did not document or escalate the risk trade-offs that approving such deviations entails. International tenders are required to ensure more transparent and competitive selection processes. Deviating from this increases the risks linked with maximizing the value of the investment made. The OIG noted further risks linked with the suppliers selected which were not assessed in a structured and formal manner. These include:

- **PCR tests:** The procurement of PCR tests was not made following a call for tender as required by the Principal Recipient's procurement policies but was instead appointed directly. The supplier had obtained exclusive distribution rights in Benin for the PCR tests, just two days prior to reaching out. This limited the ability of Plan Benin to evaluate the supplier's experience and ability to fulfil the procurement requirements, further increasing the risks linked with of a direct sourcing process (that bypasses a competitive process).
- **Oxygen and oxygen tanks:** Following its internal procedures, and in accordance with grant documents, Plan International Benin initiated two procurement rounds that proved unsuccessful due to the lack of bidding suppliers. Given the emergency and the failures of the two procurement rounds, Plan Benin requested a "no objection" notice to purchase oxygen and related tanks from the same supplier (the one responsible for PCR tests) through a direct sourcing process. Although the supplier did not pass Plan Benin's technical evaluation, which was part of the tender process, the supplier was still selected and approved. Reasons for failing the technical evaluation included that the supplier had no previous experience of supplying oxygen (the supplier started producing oxygen only one week prior). It also did not have any quality assurance certificate and their premises were still under construction when Plan Benin visited as part of the evaluation. This information was brought to the attention of the Global Fund Country Team in the non-objection request.
- **Hydroalcoholic gel:** Given the worsening context of the pandemic and the urgency, the deadline for publication of the call for tenders was reduced from 14 to five calendar days. However, it took four months between the tender launch on 20 August 2021 and the first delivery on 20 December 2021, calling into question the urgency that was the basis for the deviation requests.

By not objecting to the transactions, the Country Team decided to accept these risks without documenting its assessment or indicating the compensating measures to mitigate the residual risks. Global Fund Secretariat policies lack guidance for reviewing and eventually approving 'no objections' to Principal Recipients that deviate from agreed procurement policies and procedures, and the increased level of risk this entails. In a setting of heightened emergency and increased workload such as the COVID-19 pandemic, as well as during regular grants implementation, such a policy would ensure thorough processes are carried out and decisions formalized. In its absence, there is a risk that Principal Recipient deviations from procurement policies – even beyond the case

²² 'Avis de non-objection' in French

of Benin – that are deemed necessary despite heightened risk, are approved without appropriate -
albeit tailored – evaluation.

Agreed Management Action 1

The Secretariat will establish the necessary guidance and controls to support the assessment and approval of exceptional deviations to agreed PR procurement policies and procedures.

OWNER: Head of Supply Operations

DUE DATE: 31 December 2024

4.2 Weak Country Coordinating Mechanism governance and conflict of interest management, as well as non-compliance with Global Fund policies on Principal Recipient selection, threaten effective grant implementation

The Country Coordinating Mechanism (CCM) and its committees performed limited oversight activities during the audit period, which impacted the CCM's governance and oversight mandate. There was a perceived conflict of interest in the GC7 Principal Recipient selection process, which was not properly managed.

Country Coordinating Mechanisms (CCMs) are a key element of the Global Fund partnership. These national, multi-stakeholder committees oversee Global Fund grants and are responsible for submitting funding applications to the Global Fund. The CCM in Benin includes a mix of members from different sectors. Its Secretariat has recently recruited key positions, including the Permanent Secretary, contributing to improving the functioning of the CCM. However, governance challenges related to the functioning of the CCM and the Principal Recipient selection for GC7 remain.

Key governance bodies of the CCM are not functional

The Country Coordinating Mechanism's Strategic Oversight Committee does not have an annual workplan. It has conducted only one visit to assess grant performance since 2021, does not provide analyses and updated dashboards on grant performance to the CCM and has held only two meetings since 2021. The other committee, for Prevention, Supervision and Management of Conflict of Interest, is not functional and no meetings have been held.

Activities from these committees are essential to a well-functioning CCM and allow its members to monitor and evaluate the performance of grant interventions, make informed decisions and guide actions necessary for timely and effective resolution of strategic issues impacting grants. In Benin, this contributes to the slow resolution of grant conditions²³ and the delay in rolling out the national community health strategy. The CCM is also responsible, together with the Global Fund Secretariat, for monitoring the Government of Benin's fulfilment of its co-financing commitment. Lack of CCM oversight in this area has contributed to there being no consolidated and detailed overview of the status of the current co-financing requirement.

Since the start of 2022, the Global Fund Secretariat had made efforts to strengthen conflict of interest management of the CCM in Benin, but these had not yet yielded any significant results at the time of the audit fieldwork.

Perceived or actual conflict of interest in the Principal Recipient selection process

The conflict of interest in the CCM's selection of the Principal Recipient, the sole recipient of Global Fund grants in Benin under GC7, was not well-managed. The CCM is responsible for selecting the Principal Recipients for Global Fund grants and proposing these in the funding request that it submits to the Secretariat. The Principal Recipient structure that the CCM proposes can be retained or revised during subsequent grant making. During GC6, five Principal Recipients managed the five grants of Benin. The Global Fund generally strives to achieve synergies among Principal Recipients and invited the CCM, for the upcoming GC7 funding request round, to critically reassess its implementation arrangements for GC7. The CCM proposed one of the current Principal Recipients, CNLS-TP (the National Council for the Fight against HIV/AIDS, Tuberculosis, Malaria, Hepatitis, Sexually Transmitted Infections and Epidemics), as the sole Principal Recipient for all GC7 grants. The CCM submitted this selection in its funding request on 31 May 2023. The Benin CCM is

²³ Actions to address a critical risk or issue that must be resolved before grant funds can be used for a specific activity

positioned within this Principal Recipient, CNLS-TP,²⁴ and the President of CNLS-TP (who is also both Minister of Health and the Chair of the CCM²⁵) participated in the vote to select CNLS-TP as the single Principal Recipient for all GC7 grants. The nomination of CNLS-TP as the only Principal Recipient gives rise to an actual conflict of interest that would have required scrutiny. The Country Team highlighted its concerns related to this situation in its Secretariat Briefing Note (an internal document) that was shared during the Technical Review Panel preparation process. However, the concerns were not shared directly with the Global Fund Secretariat's Access to Funding Department, which conducts a light screening of each funding request submitted. If a funding request is flagged for potential issues, including perceived or potential conflicts of interest, the team will do an in-depth assessment of the request. In the case of Benin, only a light screening was carried out. The absence of a formal process for Global Fund Country Teams for raising perceived conflict of interests in the GC7 Principal Recipient selection led to the conflict of interest in Benin not being flagged.

The selection process also did not follow certain Global Fund guidelines relating to objective nomination criteria and documentation of key decisions and mitigation. For example:

- The CCM did not outline clearly defined and objective criteria for nominating the Principal Recipient, and it did not document any potential conflicts of interest that may have affected the Principal Recipient nomination process. Therefore, the CCM carried out the Principal Recipient selection without meeting the requirements outlined in the CCM Policy, eligibility criteria 2.²⁶
- CNLS-TP is the poorest performing Principal Recipient for GC6 in Benin²⁷. When re-appointing a poorly performing Principal Recipient (rating D or lower), the CCM must document the discussion of risk mitigation measures to address the poor performance of the continuing Principal Recipient and key milestones for improvement to substantiate the selection. This documentation should include a contingency plan if the Principal Recipient continues to perform poorly.²⁸ Although the current performance of CNLS-TP as Principal Recipient is D5, neither risk mitigations nor a contingency plan was developed.

While the Global Fund CCM Policy²⁹ does not provide clear guidance on independence of the CCM, existing or perceived conflicts of interest must be properly disclosed and managed. The CCM Policy Eligibility Criteria 6³⁰ requires CCMs to adhere to the highest standards of ethics and integrity. As the Committee for Prevention, Supervision and Management of Conflict of Interest is not functional, it did not provide support to manage this conflict-of-interest situation.

After the OIG audit was conducted and as the grant-making process progressed, the Country Team recommended that the country considers keeping Plan Benin as a second Principal Recipient for the implementation of the HIV community component. The CCM proceeded to conduct another vote and approved Plan Benin as second Principal Recipient for the GC7 implementation at its General Assembly of 27 October 2023. The two organizations were approved by the Global Fund Grants Approval Committee as the Principal Recipients for the GC7 grant cycle. As a conflict-of-interest mitigation measure, the Global Fund Secretariat inserted a requirement in the GC7 grant

²⁴ CNLS-TP is anchored in the Ministry of Health since March 2022. Until March 2022, the CNLS-TP was under the direct leadership of the President of the Republic of Benin who was both President of the CNLS-TP and CCM Chair. Up to that time, the Executive Secretary of the CNLS-TP was also the Delegate CCM Chair, while the '*Chef du Département de la Coordination des Projets et Programmes sous Financement Extérieur*' of the CNLS-TP also acted as Executive secretary ('*Secrétaire permanent*') for the CCM.

²⁵ The Global Fund Country Team has discussed high-level governance challenges, including CCM anchoring and independence, during 2022 and 2023 in-country missions and with the Minister of Health

²⁶ The CCM policy eligibility criteria 2 reads: "The Global Fund requires all CCMs to: i. Nominate one or more PR(s) at the time of submission of the funding request(s); ii. Document a transparent process for the nomination of all new and continuing PR(s) based on clearly defined and objective criteria; and iii. Document the management of any conflicts of interest that may affect the PR(s) nomination process." https://www.theglobalfund.org/media/5551/fundingrequest_ccmeligibilityrequirements1-2_guidance_en.pdf

²⁷ See table in section 3 "GC6 allocation 2021-2023" for historical ratings

²⁸ [The Global Fund, 'Guidance on CCM Eligibility Requirements 1 and 2'](#)

²⁹ [Global Fund CCM Policy](#)

³⁰ The CCM policy eligibility criteria 6 reads: Requirement 6: To support CCMs' leadership role of setting a tone and example of abiding by the highest standards of ethics and integrity, the Global Fund requires all CCMs to: i. Approve and adopt the Code of Ethical Conduct for CCM Members; ii. Develop or update, as necessary, and publish a Conflict-of-Interest Policy that applies to all CCM members, alternates, and CCM Secretariat staff; and iii. Enforce the Code of Ethical Conduct and apply the Conflict-of-Interest Policy throughout the life of Global Fund grants.

confirmation for Benin that the recruitment process of the Principal Recipient's Programme Management Unit staff would be independent of the CCM and transparent.

Agreed Management Action 2

The Secretariat will support the CCM Benin in strengthening oversight, and Conflict of Interest management capacities within the CCMs decision making processes through tailored trainings.

OWNER: Head of Grants Management Division

DUE DATE: 31 December 2024

4.3 Delays in implementation of community health strategy affect the effective delivery of community health services

The fight against the three diseases is underpinned by a robust community health system. The Government of Benin has developed a comprehensive and ambitious National Community Health Strategy to strengthen the community health response. However, delays in implementing the strategy led to gaps in the provision of community health services and impacted programmatic performance of the grants

Benin has achieved considerable progress in the fight against the three diseases. HIV and TB incidence has decreased and while malaria incidence has increased in recent years (despite on a long-term downwards trajectory), the country has introduced additional prevention methods for vulnerable populations in recent years. These include seasonal malaria chemoprevention for children and intermittent preventive treatment for pregnant women. A robust community health system is key to sustain gains and to achieve further progress.

The Government of Benin has developed a comprehensive and ambitious National Community Health Strategy, taking an integrated approach to community health as part of the “one health” initiative. The strategy aims to increase the geographic coverage of community health workers, provide a comprehensive package of services and an accompanying medical kit, as well as increase the remuneration of the community health workers. It also aims to create an oversight structure that draws on community health workers selected by the community, as well as a supervisory cadre of qualified community health workers. The strategy represents an important opportunity to strengthen access to community health, but the implementation has experienced delays.

Delays in rolling out the community health strategy contributed to limited health services

The community health worker strategy was not officially implemented until June 2023, three years after its conception. Complexities in coordinating among partners (both governmental and international) to secure financing of the strategy, align on the role of the community health workers and coordinate the implementation contributed to delays. When the strategy was finalized in 2020, the funding for most previous community health workers, which was less systematic and did not provide a comprehensive package of services, was discontinued. This created a gap in provision of community health services. At the time of the audit, a UNICEF-supported pilot was ongoing, together with preparations for further scale-up. The Global Fund did not support any community health workers at that time, although this was planned as part of the RSSH GC5 and GC6 grants.

The GC6 malaria grant (BEN-M-PNLP) relies on community health workers to implement malaria case management in the community, as they are a critical component of effective malaria response. Due to the gap in community health services in Benin, testing³¹ and treatment³² coverage results achieved less than 10% of their target numbers.³³ A community health policy may have addressed community testing and treatment targets, given that people living in communities did not have nearby access to malaria diagnostics and treatment.

Community health workers also play a significant role in prevention and sensitization activities. Benin has implemented seasonal malaria chemoprophylaxis for children under 5 and intermittent preventive treatment for pregnant women. Challenges to both activities in Benin include not being able to reach the intended number of beneficiaries and treatment discontinuity. Continuous sensitization and care are key success factors for prevention activities, but the programs did not

³¹ CM-1b^(M) Proportion of suspected malaria cases that received a parasitological test in the community: 36,883 reached vs target of 383,019

³² CM-2b^(M) Proportion of confirmed malaria cases that received antimalarial treatment (ACT) in the community: 40,544 reached vs target of 433,231

³³ The achievement of these indicators as reported in the Performance Update was achieved through reporting results from the community health workers that were supported by USAID, not supported by the Global Fund

benefit from a functioning system of community health workers in this regard. It is not possible in this instance to define whether the lack of a community strategy negatively affected seasonal malaria chemoprevention or intermittent preventive treatment for pregnant women. However, having an established network of community health workers could have positively contributed to both interventions. Benin has also seen a reduction in its LLIN utilization rate. The 2023 objective of 92% of the population sleeping under a net is not on track and is instead decreasing. In 2021, only 62.6% of pregnant women slept under a net the night before, compared to 79.3% in 2018.³⁴ These can be contributing factors to the trend of increasing malaria incidence.³⁵

While the tuberculosis treatment success rate is high and incidence is decreasing, many cases are still missed (the case detection rate decreased from 60.4% in 2015 to 53.3% in 2021³⁶). Benin adopts a passive case finding approach (mainly testing people who seek care), which is considered inadequate for improving case identification.³⁷ Community health workers would have an important role to play in more active case finding and their absence is a contributing factor to the low TB case notification. In the GC6 TB grant (BEN-T-PNT), contact tracing to identify TB-exposed children under 5 – to provide them with TB prophylaxis – was supposed to be supported by community health workers. Instead, the task was given to clinical staff, who already have multiple other responsibilities. At the end of 2022, this indicator reached only 63% of its intended achievement.³⁸

Most HIV-positive adults are diagnosed and put on treatment, but for children the situation is reversed. Only 37% of the estimated children living with HIV receive treatment.³⁹ Index testing and testing of biological children of people living with HIV does not happen systematically and only 47% of the health centers visited during the audit had any process in place for this. Community health workers can make important contributions to these activities, which involve finding cases in the community and ensuring that they are tested. Most children with HIV who are not diagnosed and put on treatment die before they turn 5 years old.⁴⁰

Delays in rolling out the community health strategy contributed to low absorption of the RSSH grant

The Global Fund GC6 RSSH grant (BEN-S-CNLS-TP) supports the community health strategy through identification, recruitment, training and financing of 1,070 community health workers in six municipalities for a total of almost €3 million (37% of the grant budget).

When signing the GC6 RSSH grant (a short grant of only 18 months) in June 2022, the Global Fund included a grant condition stipulating that these activities could not engage grant funds until a pilot had been implemented, evaluated and lessons had been learned. This is in line with sound project management practices, and with the recommendation of the Secretariat, which raised concerns about the country's new policy of not allowing community health workers to carry out malaria testing or provide first-line malaria treatment at community level (at the time of the finalization of NFM3 (GC6) malaria and RSSH components in 2021). Similar doubts were expressed by other partners supporting community health systems.

However, the pilot had not even started at the time of signing the grant and no timeline had been established for when the evaluation would take place. While the pilot was initially expected to start in September 2022, it was delayed and at the time of the audit in June 2023, the terms of reference for the evaluation were not yet finalized. Despite the Global Fund Country Team having verbally

³⁴ Malaria Indicator Survey 2022

³⁵ Malaria incidence per 1,000 population increased from 167 in 2017 to 221 in 2021. Source: WHO World Malaria Report

³⁶ WHO, Global Tuberculosis Report 2022

³⁷ Ho, Fox, Marais, "Passive case finding for tuberculosis is not enough."

<https://www.sciencedirect.com/science/article/pii/S2212553116301595?via%3Dihub>

³⁸ Indicator TCP-5: Number of children under 5 in contact with tuberculosis patients who had started preventive treatment with isoniazid. In S2 2022, the program reached 894 children out of a target of 1,427 children.

³⁹ UNAIDS estimates that there are 6,400 children living with HIV in Benin, of which 2,529 receive ARV. Source: UNAIDS

⁴⁰ Without ARV, 50% of children with HIV die before they turn 2 years old and 75% die before they turn 5. Source: Kedir AA et al. 2014, AIDS Clin. 2014; 5:3

notified the Principal Recipient at the beginning of 2023 to begin identification of the community health workers, by June 2023, the identification process had not yet started. As a result, the grant reported zero programmatic and financial performance on this activity which contributed to the overall rating of D5 at the end of 2022. Given that the grant ends in December 2023, it was not clear at the time of the audit and of the writing of this report that the recruitment and training of community health workers, financed through the Global Fund's grant, would be finalized during the grant lifetime. If so, this could result in low overall grant performance and impact, as well as a prolonged gap in the provision of community health services. Other partners, which did not condition the identification and recruitment of community health workers on the finalization of the pilot evaluation, are more advanced in recruiting community health workers.

No Agreed Management Action was deemed necessary for this finding due to the ongoing work that the Secretariat is undertaking within its C19RM and GC7 Grants. The OIG verified that the budgeted and agreed GC7 and C19RM interventions address the issues identified in this finding, related to community health interventions, and the recruitment and training of community health workers.

4.4 Health products are generally available but fragmented systems and limited coordination cause inefficiencies

In general, the supply chain management of health products is robust, but a fragmented logistic management information system and lack of triangulation contribute to stock management and distribution challenges. Gaps in coordination between the five Principal Recipients and SOBAPS leads to inefficient inventory management and poor storage conditions at the lower levels of the supply chain.

Supply chain management in Benin is robust. The storage and distribution of health products for the three national programs (HIV, TB and malaria) is integrated with the national distribution chain, under the management of the Beninese Company for the Supply of Health Products (SOBAPS). Treatment guidelines are updated and are mostly followed by prescribers. Product availability and the traceability of products is adequate, especially at the central level. The OIG did not notice any major stock-outs of health products. Supervision is conducted by the individual programs down to the peripheral level.

As Global Fund grants to Benin are largely commoditized, with 63% of the total budget going towards health products (€75 million out of the total €120 million), well-functioning systems for managing health products and health product information are vital to grant impact. Despite progress made, there are still inefficiencies due to fragmented systems and limited coordination.

Fragmented LMIS gives poor stock visibility and can result in undetected stock-outs at lower levels

Benin is undergoing a major effort to develop and integrate information systems for the management of pharmaceutical products under the umbrella of a new system, 'e-Pharmacy'. Currently, the logistics management information system is fragmented and consists of several systems that are not integrated. For example, malaria patient data and some (but not all) logistics indicators are reported in DHIS2. Tuberculosis data is mostly paper-based and consolidated manually in Excel spreadsheets at the central level.⁴¹ The tool 'e-Disp' is used for HIV commodities, but its coverage is limited (currently rolled out to 15 out of 120 HIV sites) and the system cannot generate consolidated data for key logistics indicators. An electronic LMIS (e-LMIS) is being rolled out but does not yet have national coverage. At the time of the audit, 673 health facility dispensaries and all 34 zonal⁴² health product warehouses had e-LMIS, and 14 of the 18 sites visited by the OIG audit team used e-LMIS. The different systems are not interoperable with each other, and data is not triangulated between health product data and patient data. As none of the systems are completely rolled out with national coverage, the data that can be generated through any of the systems is incomplete and limited. Thus, the national programs need to manually consolidate large amounts of logistics data – a time-consuming process that is prone to human error and manipulation, which can lower data quality.

While there are systems for product traceability at the central and departmental levels, and the traceability is adequate at these levels, this does not extend down to the last mile health facility levels for malaria and tuberculosis products. The responsibility of SOBAPS to trace and distribute products stops at the zonal level, which limits visibility and traceability of stock at the peripheral level. Health facilities pick up health products themselves at the zonal health product warehouse – meaning that they must have vehicles, fuel and staff time available to do so (health products for the fight against HIV/AIDS are delivered directly to the HIV treatment facilities). SOBAPS also has challenges with insufficient recording of physical inventories and inadequate archiving that makes it harder to track

⁴¹ Although 58% of health facilities that also have a TB diagnostic and treatment center had e-LMIS installed, this was not properly configured for TB logistics data and could not be used

⁴² Zones de Santé – Benin is divided into 34 'health zones' for management of the health system

products. The OIG noted some minor instances where the systems fragmentation and last-mile distribution had resulted in stock-outs at site level and data accuracy issues:

- In the October 2022 monthly stock reports from PSLs (from the system e-Disp), stock-outs of HIV drugs were noted in two out of 15 sites that use e-Disp, HZ Ouidah and CS Houeyogbé.⁴³ Stock-outs were raised in the system for critical HIV drugs such as Atazanavir/Ritonavir (18 days) and Nevirapine (17 days), TDF/ 3TC/DTG⁴⁴ 300/300/500. The OIG also observed that in all 15 sites that use e-Disp to report health product data, HIV drugs (Tenofovir, Zidovudine) were inaccurately reported as stock-outs.
- Malaria indicators are currently reported using both e-LMIS and DHIS2. When the auditors compared the two databases, they found that, from January to December 2022, DHIS2 reported stock-outs of ACTs in 32% of health facilities (545 of 1,703 sites reporting in DHIS2), while e-LMIS reported only 6% (93 of 1,681 sites registered in SVDL system). For instance, e-LMIS reported 29 days of stock-outs of ACTs for two sites,⁴⁵ while DHIS2 did not report any stock-outs for the same sites. This, and the example with HIV drugs above, calls into question the data accuracy from the system.

Causes of the fragmented systems include limited coordination between the partners and delays in implementing LMIS activities in the RSSH grant (see below). This means that it is difficult to know whether the right amount of product is available at the facility level (given the number of patients), and to manage quantifications, stock management and avoid product expiries.

Collaborative frameworks between programs are insufficient, creating stress on supply chain

While nationwide efforts are being put in place to improve coordination and control of the health product supply chain,⁴⁶ the national programs remain highly vertical. There are few forums for national programs to collaborate with each other and with SOBAPS, especially at lower levels of the supply chain. A national procurement and supply committee was created in 2020 to improve coordination of the various stakeholders, but only one meeting has taken place so far instead of twice a year as planned (their terms of references are still being drafted). There are no committees at regional or district levels to support decentralization efforts. This has contributed to limited integrated supervision visits and quality control sampling, and no coordinated joint trainings. Cross-cutting challenges, such as improvement of storage conditions, are also not being addressed,⁴⁷ and implementation of most other activities has experienced delays. The RSSH grant (for activities related to system-level strengthening of procurement and supply chain) does not include activities to strengthen coordination and each program orders products in wambo.org individually.

This lack of coordination between the programs and SOBAPS means that ordered products can arrive at SOBAPS in large quantities at the same time, leading to overstock and substandard storage conditions. For example, Tenofovir (TDF) 300mg has 39 months of overstock in 15 sites and more than 24 months of overstocks at the central level. The malaria drug AL (combination of artemether and lumefantrine) had 38 months of overstock at the central level in June 2023. This creates pressure on the storage capacities of SOBAPS.

Instances of suboptimal storage conditions were also observed in 67% (12/18) of health facilities that the OIG visited.⁴⁸ Only one third of these facilities had processes in place for quality control. Non-compliance with storage requirements could affect the quality of products given to beneficiaries, compromise physical security of the warehouse, and the efficiency of inventory management.

⁴³ The OIG conducted a sample review for the period October-December 2022

⁴⁴ Tenofovir/Lamivudine/Dolutegravir

⁴⁵ AL 6 and AL 12 (29 days) and AL18 and AL24 (30 days)

⁴⁶ This includes publishing of the National Guidelines on the Supply Chain of Health Products to the Last Mile in Benin in December 2022 and SOBAPS being in the process of finalizing its Draft Strategic Development Plan for SoBAPS 2023-2027

⁴⁷ RSSH grant activities (BEN-S-CNLS-TP) included renovation of departmental warehouses (NFM2 & NFM3). Now postponed to GC7.

⁴⁸ Issues include limited space, high storage temperatures averaging between 27°C-33°C, inadequate insulation and cooling systems, health product boxes that were piled high and stacked against the exterior walls.

No Agreed Management Action was deemed necessary for this finding due to the ongoing work that the Secretariat is undertaking within its GC7 and C19RM Grants. The OIG verified GC7 and C19RM planned actions and their relevance to address the issues observed. The Secretariat also provided evidence to the OIG on planned and ongoing interventions in this domain funded by other donors.

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.
Needs 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 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 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.

Annex B. Risk appetite and risk ratings

In 2018, the Global Fund operationalized a Risk Appetite Framework⁴⁹, setting recommended risk appetite levels for eight key risks affecting Global Fund grants, formed by aggregating 20 sub-risks. Each sub-risk is rated for each grant in a country, using a standardized set of root causes and combining likelihood and severity scores to rate the risk as Very High, High, Moderate, or Low. Individual grant risk ratings are weighted by the grant signed amounts to yield an aggregate Current Risk Level for a country portfolio. A cut-off methodology on high risks is applied (the riskiest 50% of grants are selected) to arrive at a country risk rating.

OIG incorporates risk appetite considerations into its assurance model. Key audit objectives are generally calibrated at broad grant or program levels, but OIG ratings also consider the extent to which individual risks are being effectively assessed and mitigated.

OIG's assessed residual risks are compared against the Secretariat's assessed risk levels at an aggregated level for those of the eight key risks which fall within the Audit's scope. In addition, a narrative explanation is provided every Time the OIG and the Secretariat's sub-risk ratings differ. For risk categories where the organization has not set formal risk appetite or levels, OIG opines on the design and effectiveness of the Secretariat's overall processes for assessing and managing those risks.

Global Fund grants in Benin: comparison of OIG and Secretariat risk levels

The risk levels assessed by the Global Fund Secretariat and the assessment of residual risk made by the OIG for the areas are aligned. The audit noted high-level risks in the areas of **Financial internal controls and grant governance**. These are reflected in the Secretariat's ratings of the sub risks "financial fraud, corruption and theft", "In-Country Governance" and "Principal Recipient Governance" for the Principal Recipient CNLS-TP, all rated 'High'. It is important to acknowledge the improvements brought by the changes in in-country strategic/institutional leadership and vacant key positions being recruited. However, the observations raised on procurements of COVID-19 related items, the conflict-of-interest risk within the CCM and the Principal Recipient CNLS-TP, as well as the Principal Recipient selection processes, indicate a "high" level of risk.

⁴⁹ [Risk Appetite Framework](#)