



Audit Report

Audit of Global Fund Capacity Building and Technical Assistance

GF-OIG-20-009
3 April 2020
Geneva, Switzerland

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Audit Report

OIG audits look at systems and processes, both at the Global Fund and in country, to identify the risks that could compromise the organization's mission to end the three epidemics. The OIG generally audits three main areas: risk management, governance and oversight. Overall, the objective of the audit is to improve the effectiveness of the Global Fund to ensure that it has the greatest impact using the funds with which it is entrusted.

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Investigations Report

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1. Executive Summary

1.1. Opinion

Investments in technical assistance (TA) and capacity building have been effective in achieving Global Fund program objectives and strengthening health systems. For the 2017–2019 funding cycle, these investments represented US\$839m or 8%¹ of total Global Fund allocations. This is in addition to US\$332m² in TA investments from bilateral partners, and \$118m³ of TA funded through Strategic Initiatives.

The Global Fund has limited control over the focus of partners' investments in this area, and in some cases, limited visibility into the investments themselves, constraining the organization's ability to drive synergies between them. There is also a need for stronger partnership engagement and coordination. Whilst a framework for partner engagement has been developed, robust implementation of its various components is required. Adequate resources and governance structures are needed to oversee, monitor and report on these investments. As of now, the Global Fund cannot ascertain the effectiveness and impact of its TA investments. The strategy and governance structures for guiding technical assistance and capacity building investments **therefore require significant improvement.**

Limited policies and processes are in place to initiate, implement and monitor these investments, and varying practices and approaches exist across the Secretariat for managing them. Technical assistance is often not supported by a needs assessment with clear deliverables and timelines, and there is no systematic evaluation of performance for TA providers. These challenges are compounded by the Global Fund's country ownership model, which places an onus on countries to identify their needs, and also by the implementation model, under which in-country implementers are often in charge of sourcing capacity building and TA providers. There is room for stronger engagement between the Secretariat, the country and implementers to validate needs and set clear deliverables. Deficiencies were also identified in the recording and reporting of TA investments. The policies, processes and controls for operationalizing capacity building and technical assistance activities are rated as **partially effective.**

While the Global Fund has developed a Value for Money Framework, its operationalization is in its infancy, having not yet been applied to areas such as technical assistance and capacity building. The processes in place to ensure economy and efficiency in managing such investments are rated as **partially effective.**

Addressing the challenges highlighted in this audit will require improvements in the Global Fund's internal processes, notably in relation to oversight and monitoring, and significant enhancements in the coordination of technical assistance and capacity building initiatives across the broader partnership. Given the decentralized nature of the Global Fund's partnership model, a centralized approach to managing TA and capacity building activities in the grants is neither feasible nor desirable. While much can be done to enhance Global Fund internal processes, significant improvements in this area depend on the effectiveness of the broader partnership and the coordination of activities. During 2019, the Secretariat initiated work to improve the performance of partnership engagement. The action items identified as part of that work, if implemented effectively, should yield meaningful improvements.

Overall, based on the findings of this audit, key priority areas going forward should be a) the development of a structured implementation plan to effectively deliver the action items for partnership engagement, b) the establishment of appropriate cross-functional governance and oversight mechanisms within the Secretariat to enhance coordination and oversight of investments

¹ Global Fund Central Data Information Systems

² Global Fund Technical Assistance and Partnership Data

³ Global Fund Strategic Information Investment Data

in TA and capacity building, and c) effective mechanisms, such as Memoranda of Understanding or other frameworks, to provide the Global Fund with increased visibility into bilateral partners' investments and an ability to jointly plan and coordinate those investments with Global Fund programs for maximum synergy.

1.2. Key Achievements and Good Practices

Ongoing initiatives to improve partnership engagement.

The Global Fund Secretariat and World Health Organization recently renegotiated their framework agreement. The new framework promotes accountability, assigning roles and responsibilities to each partner for the engagement of services, delivery, monitoring and reporting of results. The renegotiation resulted in a reduction of project administration costs from 13% to 7%⁴. The agreement is further cascaded into an operational plan for the Africa region, which identifies key priority areas, services engaged, deliverables and milestones between WHO in-country and Global Fund Grant Management Country Teams.

Improving the management of technical assistance and capacity-building investments by leveraging good practices.

Several good practices could be leveraged across the Global Fund portfolio for partnership engagement and management of technical assistance and capacity building investments, through bilateral set-asides⁵, Strategic Initiatives and grants. Regarding engagement with bilateral partners, GIZ's Backup Health initiative has a fully transparent approach with the Global Fund, from the initiation of in-country technical assistance to assessing impact and reporting results. This approach has allowed Global Fund Country Teams to assess, with countries, their needs and remaining gaps after GIZ support, reprogramming where necessary.

For Strategic Initiatives, a comprehensive monitoring and evaluation framework is in place for the Community, Rights and Gender initiative⁶. This facilitates regular and systematic assessments and reporting for measuring the impact of technical assistance investments, including TA deployed under the initiative. For technical assistance funded through Global Fund grants, the Burkina Faso Country Team maintains a complete tracking sheet of all TA (short term, long term, deliverables, timelines, cost) related to the three diseases and health systems. This facilitates better funding coordination across donors, monitoring of TA delivery, and assessment of impact. Challenges are also promptly identified and mitigated.

1.3. Key Issues and Risks

Need for improved governance and oversight for partnership engagement

The Global Fund has not yet implemented a comprehensive framework setting out principles, objectives and key performance indicators in managing its engagement with partners delivering capacity building or technical assistance. Roles and responsibilities across the Secretariat, and between the Global Fund and partners at headquarters and country level, need to be better defined to drive accountability for delivery and monitoring of activities. The current approach to managing, overseeing and monitoring capacity building and TA investments is fragmented. Within the Secretariat, these areas span five divisions/departments and seven sub teams, with limited governance and oversight structures to bring together the components of technical assistance spread across these different teams. At the country level, whilst Country Coordinating Mechanisms are expected to help coordinate activities, in practice this is very limited. In the context of a decentralized partnership model, the Global Fund does not have the mandate or ability to centrally coordinate its various partners' activities, meaning potential gaps, overlaps or other issues may not be promptly identified and mitigated.

⁴ Applicable for new agreement signed after October 2018

⁵ Funding channeled directly by bilateral partners using a proportion of their contribution to the Global Fund to provide technical assistance to the country

⁶ Monitoring, Evaluation and Learning Framework and Guidelines 2017-2019 for CRG Strategic Initiatives

One key challenge in partner engagement relates to span of control; the Global Fund generally has limited visibility into, or control over, capacity building and technical assistance funded by other partners. Whilst bilateral set-asides for TA represent a significant portion of resources pledged to the organization, the Global Fund cannot see how those resources are being utilised. Therefore, it is difficult to assess the level of synergies between the different capacity building and technical assistance activities funded by the Global Fund and by its partners, increasing the risk of duplication and reduced overall impact.

Policies and procedures to guide the management of technical assistance.

Whilst guidance materials and tools have been developed for managing TA, the lack of a clear framework, defined roles and responsibilities and appropriate governance structures for monitoring TA, endorsed at organizational level, have resulted in these never being implemented. Management of technical assistance funded through Global Fund grants and Strategic Initiatives is currently dependent on the discretion of Grant Management Country Teams and managers in the Strategic Information team, rather than on policies, processes and systems. As a result, multiple process and controls gaps were identified during this audit (see Annex A).

Technical assistance is consistently initiated without a comprehensive view of needs, gaps, and how the specific investment is meant to address them. Contracting of TA is not supported by clear workplans and details on expected deliverables, and monitoring its delivery does not happen systematically. As such, it is not possible to perform meaningful analysis on implementation and impact, to course correct or leverage good practices.

1.4. Rating

| | |
|--|--|
| | <p>Objective 1. The Global Fund’s strategy and governance structures for guiding and overseeing capacity building and technical assistance investments.</p> <p>OIG rating: Needs Significant Improvement</p> |
| | <p>Objective 2. Policies, processes and controls for operationalizing capacity building and technical assistance activities, including the initiation, implementation and monitoring of such investments.</p> <p>OIG rating: Partially Effective</p> |
| | <p>Objective 3. Processes in place to ensure economy and efficiency in managing capacity building and technical assistance investments.</p> <p>OIG rating: Partially Effective</p> |

1.5. Summary of Agreed Management Actions

The OIG and the Secretariat have agreed a set of actions and related deliverables to address the findings. Specifically, the Global Fund Secretariat will develop:

- a Partnership Engagement Workplan to build on and implement the 2019 outputs of the Global Fund’s Partnership Engagement Steering Committee;
- an implementation plan to strengthen the monitoring of Global Fund-financed, capacity building-related technical Assistance, above defined thresholds under the new grants.

2. Background and Context

2.1. Capacity building and technical assistance

The Global Fund has not formally defined capacity building, however it is generally understood to encompass activities designed to enable countries to develop competencies and skills in areas considered critical to the success of programs or, more generally, which contribute to making health systems more effective and efficient.⁷ These activities increase countries' long-term potential to have resilient and sustainable systems for health to end HIV, TB and Malaria as epidemics. Technical assistance is defined under the Funding Model⁸ as the engagement of people with specific, relevant technical expertise to support inclusive country dialogue, preparatory activities, grant-making processes, or implementation of Global Fund-supported programs.

Technical assistance activities often include training, mentoring, reviewing literature, analyzing data, and developing and disseminating tools and guidelines to address specific technical needs. These can be provided through a broad range of systems, using a variety of methods. TA can be highly centralized with a core group of providers, or decentralized with loose coordination of short-term independent consultants. It can be a one-time activity performed by consultants, or long-term assistance provided by a resident advisor⁹.

- **Short term:** technical assistance to fill a gap.
- **Long term:** support aimed at strengthening the capacity to negotiate, design, implement or monitor Global Fund grants. This includes support for engaging in advocacy and accountability processes, and improving the interface between Global Fund programmes and broader health systems.

Technical assistance can occur throughout the Global Fund grant lifecycle:

- **Funding request development:** support with program design during the preparation of a funding request. NB: Global Fund grant funds cannot be used for consultant or technical assistance costs to draft or write a funding request.
- **Grant-making:** help with responding to the risk and capacity assessments of proposed implementers during the grant-making process. First-time Principal Recipients may also need support as they prepare to sign a grant agreement.
- **Implementation:** support for reaching programmatic targets, efficient use of funds, dealing with implementation bottlenecks or long-term country capacity development, to maximize sustained impact.

2.2. The role of partners in capacity building and technical assistance

As a financing institution, the Global Fund generally does not directly provide capacity building and technical assistance to its grant recipients. Instead it relies on technical partners to engage in program development and implementation, providing support to grant recipients and Country Coordinating Mechanisms when needed or requested. Partners also provide the Global Fund Secretariat with important country contextual information and technical expertise. The active engagement of, and collaboration with, partners – whether bilateral partners, multilateral organizations, recipient governments, civil society, the private sector, foundations, representatives of communities living with the three diseases, international UN organizations or other technical partners – is essential for effective capacity building and technical assistance.

⁷ The World Health Organization framework that describes health systems in terms of six core components or “building blocks”: (i) service delivery, (ii) health workforce, (iii) health information systems, (iv) access to essential medicines, (v) financing, and (vi) leadership/governance

⁸ <https://www.theglobalfund.org/en/funding-model/throughout-the-cycle/technical-cooperation/>

⁹ Global Public Health article “Defining and assessing evidence for the effectiveness of technical assistance in furthering global health” (Gary R. West*, Sheila P. Clapp, E. Megan Davidson Averill and Willard Cates, Jr.), published by Taylor & Francis (Routledge) <https://www.tandfonline.com/doi/full/10.1080/17441692.2012.682075>

The primary roles of the Secretariat are to: leverage global partnerships such as multilaterals and additional resources such as bilateral set-asides to support countries; align with partners on areas for collaboration based on the Global Fund strategy, programmatic priorities and key bottlenecks in implementation of the grants; convene partners around specific technical topics related to the three diseases or RSSH; and operationalize Strategic Initiatives involving those partners.

The Global Fund has categorized these investments as follows:

- Bilateral set-asides, estimated at US\$332 million, as part of a donor’s pledge to the Global Fund (for example, 5% of France’s pledge is channelled to Expertise France to provide TA to countries within the Global Fund portfolio).
- Investments embedded in Global Fund grants (estimated at US\$839 million¹⁰).
 - Capacity building activities are estimated at US\$500 million. However, as the Global Fund has not defined capacity building and the various grant activities that fall within its scope, there is no mechanism to track all activities and therefore the amount may not be complete.
 - Technical assistance activities are estimated at US\$339 million and mainly cover external in-country professional fees paid to technical agencies to aid on wide-ranging topics related to grants and national programs, such as finance, programmatic support, governance, procurement and supply chain.

Whilst most investments are implemented through individual technical assistance providers, the Global Fund estimates that multilateral partners make up about 40% of total investments.¹¹

In addition to bilateral set-asides and grant-funded amounts, TA and capacity building investments are included within Strategic Initiatives, but those are not separately identifiable.

A significant amount of country-level technical assistance is not funded by the Global Fund but benefits grant programs. This includes TA by other donors/financing institutions and Ministries of Health for interventions targeting Resilient and Sustainable Systems for Health or the three diseases. Depending on the financial arrangements, the Global Fund has varying degrees of control over TA in countries.

Figure 1: Global Fund level of control over in-country investments in technical assistance and capacity building.



¹⁰ Program Finance Data – July 2019

¹¹ Performance Improvement of GF Partnership Engagement SteerCo#1: Focusing the Effort

2.3. The Global Fund's management of capacity building and technical assistance

Given the specialized nature of technical assistance, capacity building and the related partners involved in implementation, the Global Fund manages TA and capacity building investments through multiple dimensions. Within the Secretariat, the Technical Assistance and Partnership department takes the lead on partnership engagement as it relates to TA and capacity building, as well as on policy formulation, processes and monitoring of investments. The department works closely with the External Relations department, which leads engagement with donors, as well as the Grant Management division, which serves as the primary communication channel between the Global Fund and in-country implementers and partners. In addition, the Grant Management division also provides oversight of processes including TA and capacity building investments.

3. The Audit at a Glance

3.1. Objectives

The audit sought to assess the:

- Global Fund's strategy and governance structures for guiding and overseeing capacity building and technical assistance investments;
- policies, processes and controls for operationalizing capacity building and technical assistance activities, including the initiation, implementation and monitoring of such investments;
- processes in place to ensure economy and efficiency in managing capacity building and technical assistance investments.

3.2. Scope

The audit period is from 1 January 2017 to 30 June 2019. The audit covered both pre-identified issues by the Secretariat and those identified by OIG during its audit work. OIG also considered the design of current plans and arrangements in progress to address those issues. The audit's primary focus is on technical assistance and capacity building funded by the Global Fund. Bilateral set-asides and investments funded directly by other partners fall outside OIG's audit mandate. Accordingly, observations related to those programs are limited in scope to Global Fund access to information and to coordination of such programs with grant activities.

3.3. Progress on Previously Identified Issues

This is the first OIG audit of Global Fund capacity building and technical assistance. Previous OIG audits (see Annex A) identified several capacity building and TA-related challenges e.g. Ukraine, Myanmar, Chad, Western and Central Africa countries (through Advisory Review), High Risk Environments and others.

These challenges are detailed further in Section 4 of this report.

Previous relevant OIG audit work

[GF-OIG-17-002](#) Audit of Grant Management in High Risk Environments

[GF-OIG-18-003](#) Audit of Grants to Ukraine

[GF-OIG-18-013](#) Audit of Grants in Myanmar

[GF-OIG-18-023](#) Audit of Grants to Chad

[GF-OIG-19-013](#) Advisory Review of Grant implementation in Western and Central Africa

4. Findings

4.1 Limited effectiveness of monitoring investments due to weak governance and oversight structures

Given that technical assistance investments at the Global Fund are rendered mainly through multilateral partners such as WHO, UNAIDS, UNICEF and Stop TB, the adequacy, effectiveness and impact of these investments depend heavily on the organization's ability to manage the relevant partnerships. The audit identified the following challenges in partner engagement:

Multilateral Partners.

The Secretariat has only limited data to monitor the scope, status and impact of capacity-building and technical assistance activities implemented by key multilateral partners, despite these activities being funded through Global Fund grants. For example, it is currently not possible to determine all the countries where WHO provides technical assistance, the amount of the investments, the short-term or long-term nature of the TA, or the evaluation of its results or impact.

In the last two years the Global Fund has revised its framework agreements with two of its 15 key multilateral partners. In particular, a revised WHO framework agreement is supported by a detailed annex of accountabilities, roles and responsibilities between the Global Fund and WHO, and clarifies the reporting requirements of these activities, including the value and status of investments.

Bilateral Partners.

The Global Fund has limited visibility into technical assistance investments provided through its bilateral partners. The OIG Advisory Review of Grant Implementation of Western and Central Africa highlighted that there is no memorandum of understanding between the Global Fund and its bilateral partners, whose pledged TA investments are estimated at US\$332 million per allocation cycle. The limited flow of information and lack of coordination hinders building additionality and synergies between the capacity building efforts of the Global Fund and its partners.

The Global Fund has limited control over bilateral set-asides. Only one of the five main bilateral partners who included set asides for technical assistance as part of their pledge had a fully coordinated and transparent approach to conducting TA; a key performance indicator framework was in place, and all in-country technical assistance was monitored and evaluated for impact, with a feedback loop between the Global Fund and the partner. A second partner has irregular reporting to the Secretariat on technical assistance performed in Global Fund countries. For the three other partners, no information is available to enable an assessment of what TA was performed, for which countries, and the related results. Even though the Global Fund hosts monthly bilateral calls with partners, these are at a high level and do not include the sharing of relevant information on technical assistance funded through set-asides.

Absence of strategy for partnership engagement to drive initiation, implementation and monitoring of capacity building and technical assistance.

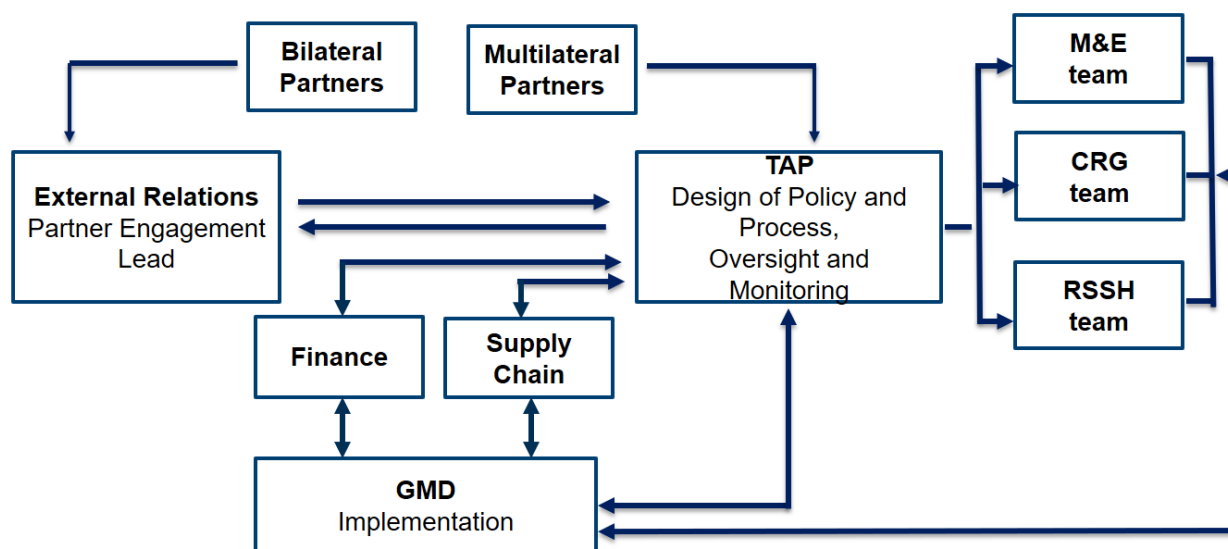
To date, the partnership engagement approach around technical assistance and capacity-building has lacked critical aspects, including:

- clearly articulated principles and objectives for partnership engagement;
- key modalities for the different funding and execution streams, including bilateral set-asides, Strategic Initiatives, Global Fund grants, and multilateral partnerships;
- well-defined accountabilities, roles and responsibilities across the Secretariat, partner headquarters, in-country implementers and partners, and Country Coordinating Mechanisms;
- key performance indicators to effectively track progress on each engagement;
- policies, processes and systems supporting initiation, implementation and monitoring.

Limited resources and absence of governance structures to oversee and monitor technical assistance investments and partnerships.

Secretariat structures – Management of technical assistance and partnership engagement is decentralized, spread across five divisions/departments. The External Relations department leads bilateral partner engagement, the Technical Advice and Partnership (TAP) department leads multilateral partner engagement, and Grant Management Country Teams lead country-specific partner engagement and technical assistance, in collaboration with implementers and country coordinating mechanisms. In addition, various teams across the Secretariat, such as Resilient and Sustainable Systems for Health, Community Rights and Gender, and Monitoring and Evaluation, lead Strategic Initiatives that involve partner engagement and include TA investments. Accountabilities, roles and responsibilities between the teams are insufficiently defined, resulting in an isolated approach to each technical assistance activity. While a decentralized and cross-functional approach to managing TA is practical from the standpoint of effectively leveraging subject matter expertise, strong coordination and linkages are needed to ensure effective initiation, implementation and monitoring of the investments. There is currently no mechanism in place to bring all the different streams of technical assistance together to form a consolidated view of TA activities, key challenges, and best practices. For example, the TAP team meets monthly with bilateral partners to discuss various topics related to technical assistance in country. However, the outcomes and required actions are not channeled to Grant Management Country Teams. A similar approach applies for multilateral partners.

Figure 2: Global Fund structure for managing technical assistance and capacity building



Accountabilities, roles and responsibilities - Whilst in the TAP department, accountability is assigned for partnership engagement, it is not assigned for managing technical assistance and capacity building investments. The Head of Department’s performance objectives are related to partnership activity only, and not to TA activity.

Resources – Currently, technical assistance and capacity building fall under the responsibility of the TAP department. Despite these investments representing almost 8% of total allocations and being executed through more than 30 key partners and thousands of individual consultants, only one individual oversees these investments and engagement with partners. The individual’s roles and responsibilities include:

- policy, process and system development for technical assistance investments;
- working with Grant Management Country Teams to facilitate in-country initiation, implementation and monitoring of significant investments;

- coordination, monitoring and reporting of investments;
- leading and managing the relationship with all multilateral partners, from contract management to regular reporting and analysis, and supporting the External Relations team with bilateral partners.

In 2019, the Global Fund Secretariat reprioritized partnership engagement, starting with a deep dive on challenges and opportunities. This has led to six actions on how partnership engagement can be improved, including designing fit for-purpose relationship management, developing systematic reviews for strategic initiatives, and standard arrangements across partnership engagement. Since July 2019, certain key elements have been implemented in a phased approach, and are expected to be completed by mid-2020, including revised partnership agreements. Whilst the six actions to improve partnership engagement are adequate in design, the framework currently lacks sufficient prioritization and a structured implementation approach. A workplan has not yet been developed to support implementation of these actions, with an articulation of related timelines.

Agreed Management Action 1:

The Secretariat will develop a Partnership Engagement Workplan to build on and implement the 2019 outputs of the Global Fund's Partnership Engagement Steering Committee.

Owner: Head of Strategy, Investment and Impact Division

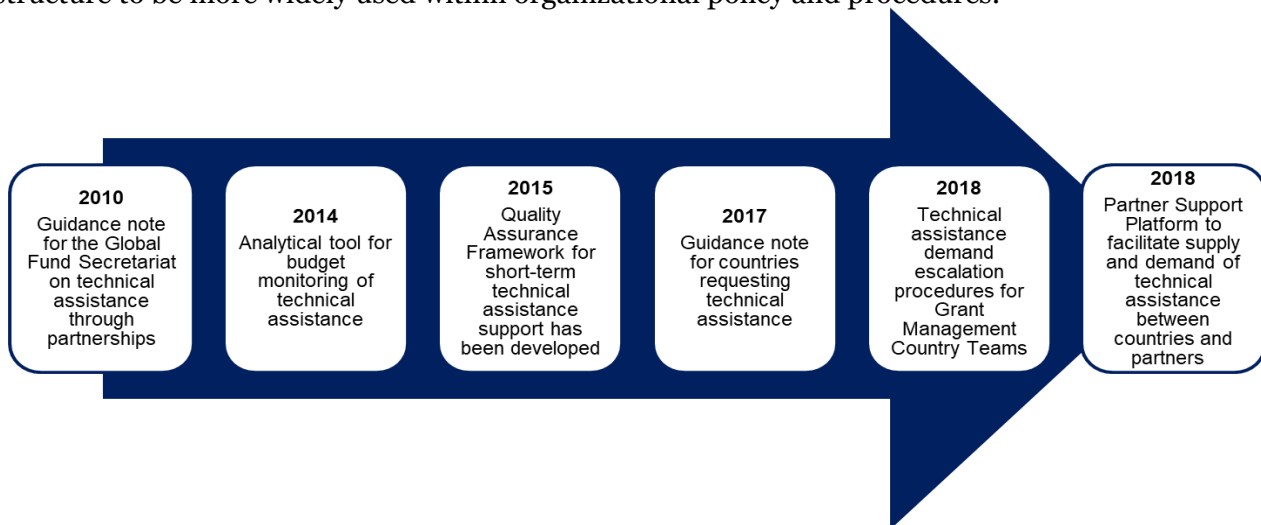
Due date: 31 July 2020

4.2 Inadequate policies, procedures and tools have resulted in an ad-hoc approach to initiation, implementation and monitoring

Capacity building and technical assistance funded through Global Fund grants involves multiple dimensions. Under the country ownership model, countries are expected to identify their needs for capacity building and TA. Grant implementers then directly source in-country partners to provide the required services. Within the Secretariat, Grant Management Country Teams and the Technical Assistance Partnership department are responsible for overseeing and monitoring this process. However, the audit identified various gaps in oversight and monitoring.

Policies and Procedures supporting capacity building and technical assistance.

Since 2010, the Technical Assistance and Partnerships department has developed procedures, guidance and analytical tools. These are internal documents within TAP which have not been endorsed in the Global Fund Operational Policy Manual or formalized through any other governance structure to be more widely used within organizational policy and procedures.



TAP's internal documents do not cover key areas of technical assistance, such as guidance on assessing the need for TA at country and grant level. This has led to multiple control weaknesses across the end-to-end lifecycle of deploying technical assistance mainly through country grants, from initiation to performance monitoring and impact assessment.

a. Initiation Stage - absence of needs assessments supporting the initiation of technical assistance investments

Limited guidance exists to clarify the needs assessment required to support TA investments. Currently, Grant Management Country Teams have differing views on how countries should outline their need for technical assistance. Some believe that the need is depicted in the country's funding request, reviewed by the Technical Review Panel and approved by the Grant Approval Committee and Board. However, a review of funding requests found only high-level, general requests for technical assistance. Descriptions of the requested TA are not broken down into specific gaps, activities, and associated costs. For example:

- the funding request for Nigeria's Malaria grant did not identify the need for technical assistance for the 2019/2020 bed net distribution campaign; this was later provided by Alliance for Malaria Prevention at a cost of US\$400,000;
- the funding request for HIV in Indonesia did not mention that the National AIDS Programme would require technical assistance from WHO to support policy development, access to services for people living with HIV, quality data, monitoring and evaluation, and program implementation, at a total cost of US\$2,095,300 for 2018–2020.

Other Country Teams believe that technical assistance needs are documented in the Terms of Reference of the TA provider. However, previous OIG audits (see Annex A), including Chad, Ukraine,

Myanmar and Grant Management in High Risk Environments, found significant deficiencies in the needs assessment and initiation process of technical assistance and capacity building investments.

No guidance is in place to achieve a consolidated view of total country needs across the three diseases and RHSS, or to work with partners to ensure that key areas are adequately supported, implemented and monitored.

Good Practice

Burkina Faso has a consolidated view of all technical assistance needs, contracts, costing and key deliverables.

b. Implementation Stage - varying degree of granularity in the terms of reference of TA contracts

Currently, there are no standard guidelines for developing terms of reference and contracts for technical assistance. In line with the Global Fund's country ownership principles, the process is mainly driven by in-country procurement practices and regulations, and to a smaller extent by Global Fund procurement guidelines. As such, terms of reference and contracts contain varying degrees of granularity, limiting in some cases the Secretariat's or Principal Recipients' oversight ability. For example:

- The contract for technical assistance between the Alliance for Malaria Prevention and Catholic Relief Services in Nigeria only mentioned a maximum ceiling cost of US\$400,000. There was no additional breakdown in the contract, nor a supporting schedule of activities and associated costs.
- Contracts executed through the same multilateral partner vary across different contracts. In WHO's case, the granularity of the contracts also varies. In one case, there is no detailed breakdown of the contract amount nor the expected deliverables or outcome for the provided services. In another case, the deliverables and the timeline for completion are clearly defined.
- WHO has provided technical assistance and capacity building to Indonesia's HIV program since 2004, however there are no milestones, transition plans nor key performance metrics to measure the effectiveness of the assistance provided.

Some standard and sample contracts, standard operating procedures and terms of reference are in place that can be tailored by Principal Recipients for certain technical assistance and capacity building activities, such as the Strategic Initiative on Data Systems. However, for most activities, these are not available to drive clear scope and deliverables of work to be performed under the TA-funded activity or to enable effective oversight and monitoring.

c. Monitoring – lack of monitoring of technical assistance investments at the Secretariat and implementer level

Grant Management Country Teams do not perform any specific monitoring of the implementation of technical assistance, even when amounts are substantial or when TA is critical to achieving programmatic objectives. In the nine countries sampled¹², TA investments are not systematically included in work plan tracking measures or any other grant performance metric and are therefore not regularly assessed for delivery and impact.

Country teams leave monitoring to the implementer. However, there is limited guidance to implementers on how to monitor technical assistance investments, including designing measuring and monitoring indicators in the contracting process. In three sampled countries, there was no structured approach to evaluate partner performance to inform disbursement, with TA investments executed through a multilateral partner. Disbursements were partly paid in advance, with remaining disbursements made according to an agreed timeline in the contract that was not linked to any deliverables or performance.

¹² India, Indonesia, Tanzania, Mozambique, Nigeria, Romania, Solomon Island, South Africa, and Timor Leste

Of 21 portfolios reviewed by OIG, only one had a comprehensive technical assistance tracking plan.

d. Data and reporting - challenges in data availability and accuracy for monitoring purposes

Whilst Global Fund budgeting guidelines provide guidance on reporting requirements for technical assistance investments, the audit found several exceptions:

- There is a lack of clarity on how short- and long-term technical assistance investments should be recorded. In several cases, salary costs for multilateral partners are classified in the grant budget as TA, instead of human resources as required by budgeting guidelines. In one case, 21% of the technical assistance budget was misclassified and was not TA-related. In another case, a lump sum amount was allocated in the budget, even though the intended activity or the purpose of the budget had not been determined. The amount represented 8% of the total technical assistance budget category.
- While grant objectives with UN Agencies include capacity building, these investments are not split out in the grant budget with costed workplans; it is therefore not possible to assess how much of the grant goes towards capacity building. The same is true for services provided by fiscal agents, who have a dual role of fiduciary control and capacity building.
- For Global Fund Strategic Initiatives, the recording of costs is not consistent. As a result, the amount of technical assistance associated with each initiative is unknown.

The lack of policies, processes and tools for technical assistance investments reduces the Global Fund's ability to measure their effectiveness and impact, course correcting where necessary.

- OIG audits of Myanmar, Sudan, Chad, Niger, Ukraine, Nigeria, and Grant Implementation in Western and Central Africa noted technical assistance and capacity building investments being deployed for several years without any notable improvement in performance.
- The organization has limited ability to assess investments against needs and reprogram where necessary. Historically, TA investments have had low absorption rates (49% in 2016, 80% in 2017, 40% in 2018). This highlights either a potential misalignment between the need for TA and the budgeted amount, or a challenge in deploying TA where it is needed.
- The Global Fund has developed a Value for Money Framework; however, its implementation is in its infancy, resulting in economy, efficiency and sustainability not being systematically assessed for technical assistance and capacity building investments. Currently, there is no implementation plan for operationalizing the framework across Global Fund operations. Economies of scales are not being adequately leveraged to lower the cost of TA funded through Strategic Initiatives and grants. For example:
 - a) TA contracts with major multilateral partners are single sourced and negotiated each time the Global Fund engages with the partner, either in-country or at the Secretariat.
 - b) For technical assistance provided for DHIS2, the consultant rate negotiated in-country was half the rate charged to the Global Fund Secretariat.
 - c) A pool of consultants is in place for technical assistance funded through Strategic Initiatives. One consultant has two different daily rates under one Strategic Initiative, one of which is US\$260 (or 44%) higher than the other.

Agreed Management Action 2:

In anticipation of the next funding cycle, the Secretariat will develop an implementation plan to strengthen the monitoring of Global Fund-financed, capacity building-related technical assistance, above defined thresholds under the new grants.

Owner: Chief Risk Officer

Due date: 30 June 2021

5. Table of Agreed Actions

| Agreed Management Action | Target date | Owner |
|--|--------------------|--|
| 1. The Secretariat will develop a Partnership Engagement Workplan to build on and implement the 2019 outputs of the Global Fund's Partnership Engagement Steering Committee. | 31 July 2020 | Head of Strategy, Investment and Impact Division |
| 2. In anticipation of the next funding cycle, the Secretariat will develop an implementation plan to strengthen the monitoring of Global Fund-financed, capacity building-related technical assistance, above defined thresholds under the new grants. | 30 June 2021 | Chief Risk Officer |

Annex A: Technical assistance and capacity building issues from previous audits

| No. | Key areas | Description |
|-----|--|--|
| 1. | Initiation Stage Implementation | <p>Audit of Global Fund Grant Management in High Risk Environments (GF-OIG-17-002)</p> <p>Capacity building activities required under the Additional Safeguard Policy (ASP) are not consistently implemented. In 10 out of 15 countries sampled, capacity building plans are yet to be developed</p> |
| 2. | Implementation | <p>Audit of Global Fund Grants to Ukraine (GF-OIG-18-003)</p> <p>The detailed activities for the technical assistance budget have not been costed and the implementation strategy has not been developed</p> |
| 3. | Initiation Stage Implementation | <p>Audit of Global Fund Grants in the Republic of the Union of Myanmar (GF-OIG-18-013)</p> <ul style="list-style-type: none"> • Inadequate implementation of capacity building by the Principal Recipient (Implementation Plan was not performed through an in-depth assessment and was not executed nor systematically tracked) • Roles and responsibilities for capacity building activities have not been defined among stakeholders |
| 4. | Monitoring | <p>Follow-up Audit of Procurement Processes (GF-OIG-18-018)</p> <p>The value for money of the Global Drug Facility as a single source arrangement has not been fully assessed and the Global Fund has not established a proper measure to monitor the performance of the Green Light Committee agreement for 2nd-line TB commodities (including its role for providing technical assistance).</p> |
| 5. | Initiation Stage Implementation Monitoring | <p>Audit of Global Fund Grants to the Republic of Chad (GF-OIG-18-023)</p> <ul style="list-style-type: none"> • Lack of a clear assessment of needs, including setting the definition of performance indicators to monitor performance. • Delay in the implementation of a capacity building plan. • Effectiveness of capacity building support provided is questioned as the performance is not improving. |
| 6. | Governance Initiation Stage Monitoring | <p>Grant implementation in Western and Central Africa (GF-OIG-19-013)</p> <ul style="list-style-type: none"> • Limited TA coordination between key partners at country level (Expertise France, GIZ Backup and the Global Fund) to ensure assistance is targeted and tailored. • Global Fund-financed technical assistance not based on needs assessment, not specific, nor monitored regularly against KPIs. |

Annex B: General Audit Rating Classification

| | |
|---|--|
| <p>Effective</p> | <p>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.</p> |
| <p>Partially Effective</p> | <p>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.</p> |
| <p>Needs significant improvement</p> | <p>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.</p> |
| <p>Ineffective</p> | <p>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.</p> |

Annex C: Methodology

OIG audits are in accordance with the global Institute of Internal Auditors' (IIA) definition of internal auditing, international standards for the professional practice of internal auditing (Standards) 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 our auditors to provide high quality professional work, and to operate efficiently and effectively. They help safeguard the independence of the OIG's auditors and the integrity of their work. The OIG's Audit Manual contains detailed instructions for carrying out its audits, in line with the appropriate standards and expected quality.

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 takes place at the Global Fund as well as in country and is used to provide specific assessments of the different areas of the organization's activities. Other sources of evidence, such as the work of other auditors/assurance providers, are 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 focus on issues related to the impact of Global Fund investments, procurement and supply chain management, change management, and key financial and fiduciary controls.