

Managing Risk in Fragile States: Putting Health First!

Optimising the Efficiency of the Global Fund's Grants



The Global Fund has a risk management policy which is not well-adapted to fragile states. The additional safeguard measures which have been put in place by the Secretariat after the investigations of the Office of the Inspector General were meant to mitigate the financial risks and to reassure donors. However, experiences in challenging operating environments clearly show that these measures are mainly focused on financial risks and have caused significant malfunctions that jeopardise both the impact and the sustainability of the programmes.

In order to make progress and to cope with the challenges specific to fragile states, it is now time for the Board members and the donors of the Global Fund to opt for an ambitious and innovative policy, which would put financial risk at its proper place: behind risks to public health.

“Excessive controls strangle implementation!”

Although the Global Fund shows increasing disbursement rates since 2012, this does not necessarily translate into effective implementation of activities in the field. In some fragile states, heavy risk mitigation procedures have been implemented : Zero Cash Policy, Fiduciary Agents, Pooled Procurement Mechanism, among others. However, these measures are not adapted to the specific features of these contexts, causing multiple bottlenecks and malfunctions :

- **Numerous delays** : in launching the grants, in the implementation of activities, in disbursements, in validations, and in budget definitions, among others.
- **Inconsistencies in the implementation of the activities** : a lack of flexibility and adaptability despite constantly evolving contexts, out-of-date budgets, a rise in the number of actors and controls, high costs, activities at risk.

- **Weakening of certain structures or human resources**, which are operating in very difficult and complex environments and already threatened by exhaustion and renunciation.

- **Poorly-adapted performance-based funding**, in countries where means should instead be reinforced to help face difficult circumstances.

Evidence-based advocacy :

- **4 missions to the countries : Guinea, Mali, Niger, Sierra Leone**
- **140 actors met, in the field and at the Secretariat of the Global Fund**

The full report is available online
www.solthis.org

Words from the field

“ *In 2014, 12 months after the beginning of the grant, we have spent only 2% of the money that has been transferred to our account by the Global Fund.* ”

A Principal Recipient

“ *We should relate the constraints created by controls with the objective of reaching the expected programmatic impact!* ”

A Fiduciary Agent

“ *This professor gave up because the Global Fund was too time-consuming for him. Talented people are abandoning the process.* ”

A Technical Partner

“ *For three years there have been numerous delays in disbursements for medications and laboratory supplies. Things have improved a bit lately, but there are still so many exchanges and sometimes we have to wait up to two months for a response.* ”

A Principal Recipient

Case Study

The Zero Cash Policy, an emblematic measure for countries under investigation

Implemented as part of additional safeguard measures, the Zero Cash Policy is a procedure by which the Principal Recipient (or Fiscal Agent in some cases) ensures direct payment to vendors of goods and services rather than transferring funds to Sub-Recipients. In theory, limiting direct payments helps prevent risks of the misappropriation of funds.

However, in the field, the implementation is very complex, and many difficulties remain.

- **Inadequacy in the given context :**

Outside of the capital and a few large cities, banking services are not sufficiently developed to enable this process to run smoothly. Often, the actors we met with talked about the need to travel dozens of kilometres to get to a bank to get their salary or allowance.

- **Inadequacy of the structure of certain Principal Recipients,** which

do not have regional branches and therefore have difficulties when they need to go to an activity site for money disbursement. In some cases, plans for opening decentralised offices exist, but are met with other procedural difficulties (especially the purchasing of goods and equipment) which create further delays and disorganisation.

- **Extra costs** related to this measure, including a multitude of bank fees, travel, extra human resources, and extra costs at the beneficiary's expenses (travel to the bank, fees for the bank account, etc.)

- **Supplier payment times** are very long, sometimes taking several months.

- **The use of fuel coupons** which are limited to one supplier. There were cases reported where certain actors had to drive dozens of kilometres to reach a station, thus consuming the programme's fuel unnecessarily.

Main recommendations to place the public health risk at the centre of the mechanism :

- Improve the balance between the analysis and the management of the different risks.
- Simplify and clarify the control procedures: limit the number of contractors and the levels of validation.
- Define indicators or objectives for terminating additional safeguard measures to encourage appropriation and capacity building.
- Investigate the possibility of an increased presence of the Global Fund in the field, by missions of several weeks or several months.
- Adapt the indicators and procedures of performance-based funding and accountability measures to fragile states.

Solthis is a French INGO founded in 2003 which aims to strengthen health systems in Mali, Niger, Guinea and Sierra Leone in order to facilitate high quality, accessible and sustainable treatment for people living with HIV/AIDS.

Solthis provides technical assistance to its national partners including: training of human resources, procurement and stock management of medical drugs, health information systems and strategic planning and implementation of HIV/AIDS healthcare policies.

Within this technical assistance framework, Solthis has a relationship with the Global Fund on different levels and in several countries of intervention: participation in the CCM (Country Coordination Mechanism), Sub-Recipient for training activities and technical assistance and participation in grant application writing. Solthis also acts as a link between the field and the Global Fund's teams in Geneva.

As an NGO, a partner and an agent for the implementation of Global Fund grants in resource-limited settings, Solthis's expertise is based on a comprehensive approach to the challenges of access to HIV/AIDS treatment and care. Solthis meets with the Global Fund on a regular basis in Paris or in Geneva for information and monitoring meetings. Solthis has also attended several Global Fund Board meetings as a member of the French Delegation.

The full report is available online www.solthis.org

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