
Risk Management Report

44th Board Meeting

GF/B44/16

11-12 November 2020, *Virtual*

Board Information

Purpose of the paper: To update the Board on risk management and the Global Fund's risk profile.

Executive Summary

Introduction and context

1. The Global Fund set itself challenging objectives for 2020: maximize the impact delivered through existing grants; sign high quality grants for the next cycle; lay the foundations for the next strategy and, build on the successes of the Sixth Replenishment, identifying innovative ways to invest increased resources and reach the hardest reach.
2. The COVID-19 pandemic brought with it an unprecedented level of disruption and fundamentally changed the Global Fund's operating and risk landscape. The Global Fund partnership responded decisively with action aimed at mitigating the direct and knock-on impact of COVID-19 on the fight against the three diseases. Despite the effectiveness of this response the environment has changed. Therefore, whilst the Secretariat has already adapted to respond to the crisis, further change is going to be needed.

Key issues addressed and conclusions

3. The key issues this Report addresses are:
 - i. **Crisis response.** The Global Fund was well positioned to respond to the crisis given its strong risk management framework. However, material adjustments were still needed and the Secretariat responded through the design and deployment of new tools and mechanisms aimed at addressing the effects of the crisis both internally and externally.
 - Agile decision making: A Situation Response Team, (SRT) was set up to allow agile decision making in response to the rapidly evolving situation. Measures introduced by the SRT include ensuring the safety of Secretariat employees.
 - Ensuring Secretariat operational continuity: the SRT coordinated work to develop Business Contingency Plans (BCP), supported by a Monitoring Framework. The contingency plans defined flexibilities and delegation of authority in case of disruption.
 - Supporting countries to adapt Global Fund programs and respond to the pandemic: The Global Fund rapidly made funding available to support countries to respond to COVID-19 through two channels. The primary, the COVID-19 Response Mechanism (C19RM), allows for the provision of additional funding to countries to finance important activities to mitigate the COVID-19 impact on HIV, TB and malaria programs and reinforce the national pandemic response. The second channel is newly defined grant flexibilities, leveraging 5% of current grant value, through savings.
 - Active role in the global COVID-19 response: The Global Fund is a core partner of the Access to COVID-19 Tools (ACT) Accelerator – a global collaboration working to accelerate development, production and equitable access to new COVID-19 technologies, and a co-convenor of both the Diagnostics Partnership (with the Foundation for Innovative New Diagnostics – FIND) and the Health Systems Connector (with the World Bank). In addition, new products required to respond to COVID-19 (such as PPE) were added to the catalogue at wambo.org and wambo.org has also been temporarily made available to all countries and organizations.
 - Monitoring the disruption: In order to have timely information on COVID-19's impact on ongoing programs, the Global Fund Local Fund Agents (LFA) have conducted a biweekly COVID-19 Country Monitoring Survey, which is used to inform decision making.
 - ii. **Key thematic risks.** The Global Fund does not currently have full visibility of the impact of disruption caused by the pandemic on risk levels. Nevertheless, an evaluation was performed by the Secretariat to assess the impact of COVID-19 on all organizational risks. This section focuses on key risks where new risk drivers, or high levels of disruption were

identified. (A comprehensive update on all risks identified as having an increasing trajectory can be found in the Organizational Risk Register Q2 update, Annex 2.)

- The risk level trajectories for the following risks are increasing, but the risks levels are not expected to increase in the next 6 to 12 months: Program Quality – TB and malaria, Monitoring & Evaluation, Quality of Health Products, the accounting and financial reporting component of Financial & Fiduciary, and Risk Management & Internal Controls.
- The risk level trajectories for the following risks are also increasing and risk levels may increase in the next 6 to 12 months: Program Quality - HIV may increase to 'Very High', Procurement may increase to 'High', In-Country Supply Chain may increase to 'Very High', and the fraud component of Financial & Fiduciary may increase to 'High'.

iii. **Looking forward.** The new operating environment will necessitate changes in how interventions for the three diseases are planned and delivered. In order to pursue its objectives in the new environment, the Global Fund partnership will have to accept higher risks, and recognize that new risks will emerge, and more risks will materialize.

- Adapting to the new COVID-19 context will require incorporating lessons learned during the crisis into Secretariat business processes. Significant adaptations, which we expect to start rolling out starting Q2 2021 include:
 - a) Updating and expanding risk management tools (e.g. the Integrated Risk Management Module), including the inclusion of new root causes, the relative reprioritization of risks and the inclusion of the gap to grant objectives in assessing risk levels;
 - b) Greater reliance on more recent data (output and coverage / outcome indicators) to assess risk;
 - c) Developing a revised tool kit of mitigations that are expected to be relevant, or have been effective in recent months, leveraging lessons learned and best practices; and
 - d) Recommended revisions to Risk Appetite to the Board, through the appropriate standing committee, based on the level of risk, incorporating the level of ambition set in grant objectives (i.e. the more ambitious the objectives, the greater the need for risk taking), and the desired risk trajectory.

Input Sought

4. This Report constitutes the Secretariat's mid-year update on risk management and the risk profile of the Global Fund. The Report is provided for information to the standing committees of the Board.

Input Received

5. The Report has been shared with all three committees before being submitted to the Board. Discussion by the committees focused on how the disruption caused by the COVID-19 pandemic is impacting risk levels and the implications for risk appetite. The Committees requested that the Secretariat engages with them on any adjustments to risk appetite.

Report

I. Introduction

6. The Global Fund set itself challenging objectives for 2020, with the aim of maximizing the impact delivered through existing grants whilst simultaneously signing high quality grants for the next cycle. In parallel, the partnership was also laying the foundations for the next Global Fund strategy and, building on the successes of the Sixth Replenishment, identifying innovative ways to invest increased resources to meet the twin challenges of a continually evolving epidemiological context, and reaching the hardest to reach.
7. It was always anticipated that achieving these objectives would involve managing a more variable risk trajectory, involving a willingness to accept a greater level of risk, and a proactive and agile approach to how risks are managed.
8. Nonetheless, the COVID-19 pandemic brought with it an unprecedented level of disruption and fundamentally changed the Global Fund's operating and risk landscape. The global health crisis has overwhelmed health systems, destabilized economies and devastated communities. Sudden and wide-reaching restrictions on movement have negatively impacted access to health services and amplified the existing gender and human rights barriers that affect key and vulnerable populations. Health systems have repurposed equipment and diverted human and financial resources away from existing programs. Furthermore, the extraordinary economic impact of measures to contain the spread of the coronavirus has placed an additional burden on already stretched domestic health financing and created the need for far greater resources than have previously been committed. In countries trying to accelerate the end of the three epidemics this has threatened to wipe out decades of progress.
9. In response to the pandemic the Global Fund partnership responded with decisive action aimed at mitigating the direct and knock-on impact of COVID-19 on the fight against HIV, TB and malaria. A rapid four-pronged response was mounted to: support the global COVID-19 response; deliver on the core mission; help Global Fund supported countries prepare and respond to the pandemic; and keep our people safe.
10. Despite the effectiveness of the Global Fund's response the environment has changed. Not only has the level of difficulty in achieving the organization's core objectives increased, but new additional objectives have introduced new risks. The Secretariat has already had to change how it manages risks in the short term in order to respond to the crisis. As the Global Fund partnership continues to pursue its objectives in a radically changed world further change is going to be needed.

ii. Crisis response

11. The Global Fund was well positioned to respond to the crisis given the strong risk management framework developed over the years, which resulted in an embedded state of maturity for risk management, internal controls and governance being reached at the end of 2019. However, the extraordinary circumstances brought about by COVID-19, meant that the existing set of risk management tools, including more traditional risk mitigation, assurance and measurement mechanisms, still needed to be materially adjusted. The Secretariat responded to the changing environment through the design and deployment of new tools and mechanisms aimed at addressing the effects of the crisis both internally and externally.

Agile decision making

12. In order to maintain uninterrupted Secretariat operations internally and externally, from the onset of the pandemic a Situation Response Team (SRT) was set up to monitor the situation and initiate early responses as needed. It comprised representatives of the key Management Executive Committee level Secretariat functions, to allow agile decision making in response to the rapidly evolving situation. Measures that were introduced by the SRT include, but are not limited to, measures to ensure safety of the Secretariat employees - from full office closure through to the gradual return to the workplace, overseeing development and oversight of Business Contingency Plans, providing guidance on the creation of the COVID 19 Response Mechanism (C19RM), and supply operation level initiatives to secure product volumes.

Ensuring Secretariat operational continuity

13. In order to ensure the continued delivery of the Global Fund's core mission and minimize the negative impact on Global Fund funded programs, the Secretariat's operations and its assurance mechanisms, the SRT coordinated work to develop Business Contingency Plans (BCP). The Performance and Accountability Framework, along with existing tools, was leveraged to develop BCPs for Global Fund business processes.
14. BCPs defined and prioritized activities for each business process, identified risks, possible scenarios and areas of disruption, and contingency plans that address risks in the event they materialize. The contingency plans defined flexibilities and delegation of authority in case of disruption, thereby allowing an informed and graduated risk-based response to various scenarios and levels of disruptions across processes.
15. With BCPs in place, the Secretariat developed a BCP Monitoring Framework, as an early warning tool that provides visibility of the level of disruption, identifying both internal and in-country implications. This has significantly enhanced risk management at process level and helped the Secretariat to systematically track flexibilities agreed within BCPs and allow the Secretariat to effectively reverse granted flexibilities as disruptions subside.

Supporting countries to adapt Global Fund programs and respond to the pandemic

16. The Global Fund rapidly made funding available to support countries to respond to COVID-19, adapt their HIV, TB and malaria programs, reinforce their health systems and safeguard the gains made against HIV, TB and malaria.
17. The funding was made available through two mechanisms- the primary funding channel was the COVID-19 Response Mechanism (C19RM), a newly established funding tool that has deployed over half a billion USD. The mechanism allowed for the provision of additional funding to countries to finance important activities to mitigate the COVID-19 impact on HIV, TB and malaria programs and reinforce the national pandemic response. Measures include: the purchase of Personal Protective Equipment (PPE), laboratory equipment; the purchase of COVID-19 diagnostic tests; and urgent improvements to health and community systems. Using this mechanism allowed timely deployment of funds while following a well-governed decision-making process.
18. The second funding channel was newly defined grant flexibilities. This enabled countries to request up to 5% of their current grant value, through savings, to meet immediate COVID-19 response demands. Eligible activities include, but are not limited to, epidemic preparedness assessment, laboratory testing, sample transportation, use of surveillance infrastructure, infection control in health facilities, and information campaigns.
19. Finally, in order to support program implementation and ensure continuity of services, the Secretariat worked with partners to issue guidance for countries on considerations relevant to address disruption in implementation of Global Fund supported programs. The guidance notes cover the three diseases; Resilient and Sustainable Systems for Health and human rights, communities and gender.

Active role in the global COVID-19 response

20. By leveraging its experience in fighting pandemics, and utilizing capabilities developed in the fight against HIV, TB and malaria, the Global Fund took on an active role in the global COVID-19 response.
21. The Global Fund is a core partner of the Access to COVID-19 Tools (ACT) Accelerator – a global collaboration of organizations and governments working to accelerate development, production and equitable access to new COVID-19 technologies.
22. As part of the ACT Accelerator, the Global Fund is a co-convenor of both the Diagnostics Partnership (with the Foundation for Innovative New Diagnostics – FIND) and the Health Systems Connector (with the World Bank). It is also a procurement and deployment partner in the Therapeutics Partnership.

23. With WHO leading on product allocation, the Global Fund is working with FIND and other partners, including the research industry, private sector, foundations, government donors, civil society, regulators and other international organizations to support the procurement and deployment of diagnostic tests in low- and middle-income countries unable to shoulder such costs on their own and strengthen health systems and build country capacity and preparedness for rapid and effective test implementation.
24. As a lead on the Supply working group, the Global Fund is working with partners to support the cost of test procurement and deployment in low- and middle-income countries unable to shoulder such costs on their own, coordinate the allocation of tests to ensure that the limited supplies are distributed fairly across countries, and raise resources to enable procurement and deployment of critically needed COVID tests over the next 12 months.
25. In addition, new products required to respond to COVID-19 (such as PPE) were added to the catalogue at wambo.org (the Global Fund online sourcing portal). This allows countries to access quality-assured health commodities in high demand. In response to the pandemic, wambo.org has also been temporarily made available to all countries and organizations so they can benefit from the Global Fund's economies of scale for health products.

Monitoring the disruption

26. Since the pandemic began, and in order to have timely information on COVID-19's impact on ongoing programs, the Global Fund Local Fund Agents (LFA) have conducted a biweekly COVID-19 Country Monitoring Survey. The survey covers 106 countries where the Global Fund invests. While qualitative, this monitoring tool provides invaluable insights into where and how COVID-19 is having most impact on Global Fund supported programs. Leveraging capacity developed through the Grant Management Data and Analytics (DnA) initiative, the survey results dashboards provide decision makers (e.g. the SRT) with country specific and global portfolio information necessary for timely and agile decision making.

Risk implications of the crisis response

27. The unfolding crisis significantly impacted multiple aspects of the Global Fund's operating environment and increased the risks to achieving its objectives. The partnership rapidly devised and deployed mitigating actions to respond to the crisis and reduce its effects on internal and external operations.
28. The short-term impact of the crisis on Secretariat operations was effectively mitigated. Through approved flexibilities, strategic reprioritization of activities and the move to remote working, disruption to business processes was minimized. At the same time, some activities had to be postponed because they were infeasible due to movement restrictions or in order to focus resources on the crisis response. In terms of in-country operations, the different actions taken to mitigate the effects of the crisis were also

effective, such as additional funding, guidance on how to adapt programs, and changes in how health products are procured and distributed. However, there has been significant disruption and the extent of that disruption and its impact will need to continue to be assessed as more data becomes available.

29. The pandemic has created a level of risk, especially around delivery of programs and supply of commodities, that is significantly higher than had been anticipated or than the organization was expecting to take (Risk Appetite) in order to achieve its objectives. As a result, the expectation is that the Secretariat will have to recommend an adjustment to the Board, through the appropriate standing committee, approved risk appetite for select risks.
30. In the medium to long term, as the world adjusts to a 'new normal' the level of risks to achieving the Global Fund's primary objectives on HIV, TB and malaria will be higher. Moreover, the additional activities and objectives undertaken and introduced as part of the crisis response, and the modified ways of working, have given rise to additional risks. The next step will, therefore, be to look at how risks should be assessed, monitored and managed in the new environment.

iii. Key thematic risks

Introduction

31. The Global Fund does not currently have full visibility of the impact on risk levels resulting from the disruption caused by the pandemic, particularly as the situation continues to evolve rapidly and, therefore, any assessment can be quickly overtaken by events. Nevertheless, an evaluation was performed by the Secretariat to assess the impact of COVID-19 on all organizational risks. This section focuses on key risks where new risk drivers, or high levels of disruption were identified and, which will consequently require increased focus in order for the organization to achieve its objectives.
32. Annex 2 contains the Organizational Risk Register (ORR) update for Q2-2020. The ORR update focuses on the risks which have been evaluated as having an increasing direction of travel because of COVID-19 disruption, a number of which are discussed below.

Update on status, outlook and actions required to manage key risks

Program Quality

33. Based on modelled projections, the global partnership has indicated that the COVID-19 pandemic is a major setback that could push back accomplishments in the fight against the three diseases by a decade or more. Fast track objectives are unlikely to be met for 2020 and beyond, gains made to find missing TB cases have seen major setbacks, and modelled projections for malaria anticipate higher morbidity and mortality due to malaria in coming years.

34. Whilst nearly two-thirds of countries that responded on the COVID-19 Country Monitoring Survey reported low or moderate disruption and are likely to achieve at least 50% of grant targets, the overall global impact is likely to be significantly higher. The remaining third of countries facing high or very high levels of disruption for HIV are from high burden/ high impact portfolios and 37% for TB are in high burden TB countries.
35. The Global Fund and the partnership have mobilized to support countries with strategic guidance on mitigating the impact of disruptions, ensure continued delivery of preventive services and mitigate treatment disruptions. Programs have developed contingency measures through the scale-up of multi-month dispensing treatment and prevention commodities (ARVs, anti-TB drugs, condoms etc.). Community engagement for patient support and service delivery has been strengthened. Malaria partner mobilization and collaboration has also enabled mass campaigns to be adapted to the COVID-19 context enabling the majority of scheduled campaigns to proceed and LLIN distribution volumes to be achieved. However, early reports from the programs indicate challenges in undertaking outreach prevention programs including those for key and vulnerable populations. Further, changes in health seeking behaviors (notably declines in out-patient attendance, ante-natal and immunization services) reduce the opportunity for HIV and TB diagnosis and a reduction in access to malaria case management services. While the Global Fund has rapidly deployed additional funds to mitigate the impact of COVID-19, far greater investment is needed to protect the service providers and clients supported by programs, and to support country specific and regional strategies to scale-up programs at the earliest opportunity in order to remain on track to achieve global strategic targets.
36. Given that the COVID-19 pandemic continues to evolve, the overall impact on health outcomes including the three diseases and the pressures on underlying health systems is difficult to measure. However, the current risk level and overall trajectory is anticipated to increase in the foreseeable future. Over the next 6-12 months the risk levels for tuberculosis and malaria are expected to be at the top end of 'High', while HIV may move to 'Very high'. The risk mitigation strategies and action plans for catch-up are in development and will evolve as more data on disruption emerges.

M&E

37. The need for granular and disaggregated data and at a higher frequency is far greater than ever before in order to measure and monitor the impact of COVID-19 in terms of service disruptions, particularly for programs targeting key and vulnerable population groups including those geographically and socio-economically disadvantaged. There is an urgent need for the application of epidemiological knowledge to understand trends in the three diseases and to plan and deliver evidence-based mitigation and catch-up plans. This calls for closer collaboration between all partners to minimize any duplication/reporting burden on countries while also ensuring the availability of the information required to maintain agility in responding to the pandemic and deliver on the organization's objectives in the fight against the three diseases.

38. The COVID-19 Country Monitoring Survey, as of the end June 2020, did not indicate significant disruptions in national Health Management Information System (HMIS) reporting (51% countries reported limited disruptions and 37% moderate). Monthly monitoring of key disease indicators across 39 high burden portfolios has also recently been launched, which together with other Global Fund and partner data will help in understanding where resilience and adaptations are working well and where a more focused effort on program adaptations is required. However, in the absence of planned supervision, data quality checks and reviews, the completeness and quality of data and the ability to interpret reported results is likely to be compromised. There has also been some loss of momentum on several systems strengthening initiatives, like the roll-out of District Health Information System (DHIS), and the strengthening of national capacity on use of data for decision making. Planned surveys, studies, reviews and evaluations have also been rescheduled. The current M&E risk level is at the low end of 'High' and whilst the current direction of travel is increasing, it is expected to remain 'High' throughout the next 6-12 months.

Procurement and Quality of Health Products

39. Effectively responding to the Covid-19 crisis required maintaining performance relevant to procurement of commodities for the three diseases in the midst of production and transport disruptions. Globally, production constraints and upstream logistics challenges impacted lead times for procurement of commodities for HIV, TB and malaria. The Secretariat leveraged intensive coordination with suppliers, Procurement Service Agents (PSA) and partners to address individual country needs and identify and respond to critical delays through the introduction of an order tracking dashboard and escalation framework. Further, in response to extended lead times, the Global Fund approved limited exceptions to pre-shipment quality control requirements, allowing critically needed commodities to be dispatched while testing is still underway, after a review of risks.
40. In addition, to mitigate disruption in health product procurement for the three diseases, the crisis response demanded a simultaneous scale up of capacity to access and procure new COVID-19-focused products, including diagnostics and PPE. This required action and innovation across multiple fronts: quickly establishing new supplier relationships; collaborating with partners to align standards; equitably allocating products and pooling demand through the Accelerated Order Mechanism (AOM); identifying new channels of procurement for quality assured PPE products; and adapting processes to accommodate entirely new product categories.
41. The introduction of health products for a new disease, some of them newly designed and manufactured, likewise required swift action to ensure new products were of assured quality. This entailed establishing and aligning quality standards with partners (including through the AOM), developing Interim Quality Assurance (QA) Requirements for the Procurement of COVID-19 Diagnostic Products and updating QA policies accordingly.

42. While procurement and QA focused mitigations have been effective over the immediate term, both risk trajectories could increase. The procurement risk remains highly dependent on manufacturers' capacity and international transport limitations. It is anticipated that the Procurement risk level will remain at the top end of 'Moderate' and may change to 'High'. As the Global Fund operations expand to accommodate new products, the risk for Quality of Health Products risk may likewise trend upwards but stay within 'Moderate-low' in the next 6-12 months.

In-Country Supply Chain

43. In-country supply chains have been impacted both by upstream delays in international deliveries, as well as country-level restrictions that undermine normal operations such as quantification, stock monitoring and distribution. In response to country-level disruptions, the Secretariat significantly increased collaboration with countries and partners, and information sharing, to identify country-specific mitigations to bridge stock gaps and shore up essential supply chain services.
44. As an early mitigation many countries have responded to in-country supply chain disruptions by tapping into available buffer stocks and pushing commodities at patient level for multi-month dispensing (HIV patients in particular) to ensure continuity of care despite travel restrictions. However, a knock-on effect of this is erosion of buffer stocks. According to the last monthly LFA survey, over 40% of countries currently report shortages or stocks of less than 3 months for at least one commodity, potentially undermining availability of products for patients and further complicating supply planning processes.
45. Advanced procurement will help to restore critical buffer stocks, but it will also heighten demands on countries to proactively update forecasts. Across both Pooled Procurement Mechanism (PPM) and non-PPM countries the Global Fund will step up support to help countries update forecasts in anticipation of advanced procurement and consider extended lead times both for standard program commodities and COVID-specific products such as SARS CoV-2 Rapid Diagnostic Tests.
46. While In-Country Supply Chain risk levels vary country by country, the risk trajectory is anticipated to trend upwards and is anticipated to be at the top end of 'High' in the next 6-12 months with a possible, but temporary, (because of our ability to mitigate it) increase to 'Very high'. The increase is driven by the likely decrease of buffer stocks, shift of partner and domestic resources away from long-term supply chain strengthening and the possible increase of COVID-related restrictions in response to higher infection rates.

Financial & Fiduciary

47. To ensure continuity of programs, including malaria campaigns and community outreach activities, the Global Fund developed BCPs and put in place a process to make informed risk trade-off decisions. Many of the existing controls and mitigations continued to operate with low disruption, and while the Global Fund acknowledges

higher financial risk for delivery of programs, most of the risk trade-off decisions are broadly within risk appetite thresholds.

48. The Financial & Fiduciary risk has two components: accounting and financial reporting by countries; and grant-related fraud and fiduciary risk. While the former will likely see some delays in reporting, the outlook remains stable. However, the inherent risk of fraud is likely to increase. This is due to the urgency to adapt to the context and deploy services to meet program goals, which required accepting reduced Country Coordinating Mechanism (CCM) and Principal Recipient (PR) oversight on the implementation of planned activities. In addition, whilst the LFA model has proved to be robust, and assurance activities have largely continued, there has nonetheless been disruption and some delay. Against this backdrop and the wide-reaching economic impact of the crisis it is expected that the inherent risk of fraud being committed may increase, thereby, affecting the residual risk of the fraud and fiduciary component. If the risk materializes it may temporarily increase the risk level to 'High' in the next 6-12 months, but the increase is expected to be temporary because of the Global Fund's ability to put in place mitigation measures.

Risk Management and Internal Controls

49. In previous years the Global Fund significantly advanced the maturity of risk management, internal controls and governance, creating a comprehensive framework of systems, processes, tools and practices. Having reached an Embedded level of maturity for risk management, internal controls and governance at the end of 2019, a strong foundation was in place to support the partnership to innovate and take measured and informed risks to deliver impact. The level of this risk was revised from 'High' to 'Moderate' in Q1-2020.
50. The most important risk driver resulting from the pandemic, in the context of risk management and internal controls, is the delay or inability to drive implementation of planned assurance activities. This has primarily been caused by reduced Secretariat and counterpart capacity and travel restrictions, coupled with the need to quickly devise and implement activities for assurance over modified or new Secretariat activities. As already highlighted, the pandemic has created a level of risk that is significantly higher than had been anticipated or than the organization was expecting to take (Risk Appetite) in order to achieve its objectives.
51. It is also important to recognize that as of Q2-2020 there is limited visibility of the impact of COVID-19 on in-country risks. Without details and granular data on the impact of disruption on different grant interventions and at different level (country, region, key population) it is difficult to accurately assess risk levels, which limits the ability to take informed decisions on risk trade-offs, especially for in-country risks. This reduced visibility, combined with high levels of uncertainty in the operating environment, will result in an increasing trajectory over the next 12 months while updates and changes are made to risk management tools and approaches to respond to these challenges.

However, the risk level is expected to stay within Moderate over the next 6 to 12 months.

Economic impact

52. The economic impact of COVID-19 cannot be overstated. Most countries, including the major economies are witnessing record negative growth at least in 2020 and possibly beyond.
53. The pressure on health budgets in implementer countries is particularly intense. Health systems are often less resilient and resources scarcer. There has therefore been a shift in focus towards the COVID-19 response and away from the three diseases. The greater and more sustained the shift, the more it will need to be factored into Global Fund decision making going forward, both in terms of prioritization of programs for funding and the availability of domestic health financing, and in terms of how risks program objectives are set and how the risks to achieving those objectives are measured.

iv. Looking forward

54. The pandemic has brought with it unprecedented levels of uncertainty at the global level and changed the external environment significantly. After the initial crisis response, it is becoming clear that a prolonged, sustained effort and significant changes in how individual, social and economic activity takes place will be required to manage the pandemic. At this point, the only certainty is that the disruption is not temporary and that it will gradually shape the 'new normal'.
55. The new operating environment will necessitate changes in how key HIV, tuberculosis and malaria interventions are planned and delivered. Furthermore, as the partnership develops the next Global Fund strategy it will be crucial for it to see the fight against the three epidemics in the broader context of global health and to be open to the innovative approaches that will inevitably be required to achieve our objectives in the changed world. In order to pursue its objectives in the new environment, the Global Fund partnership will have to accept higher risks.
56. New risks will emerge, and more risks will materialize. In addition to missing program targets, the expectation is that instances of funds' abuse will also emerge, driven by increased financial pressures and the need to continue the flow of funds despite reduced scrutiny.
57. Adapting to the new COVID-19 context will require incorporating lessons learned during the crisis into Secretariat business processes. Significant adaptations, which we expect to start rolling out starting Q2 2021 include:
 - a. Updating and expanding risk management tools (e.g. Integrated Risk Management Module), including the inclusion of new root causes, the relative reprioritization of risks and the inclusion of the gap to grant objectives in assessing risk levels. Assurance mechanisms may also need some adaptation.

- b. Greater reliance on more recent data (output and coverage / outcome indicators) to assess risk with an increased emphasis on indicators that have been impacted the most as a result of the pandemic.
- c. Developing a revised tool kit of mitigations that are expected to be relevant or have proved to be effective in recent months leveraging lessons learned and best practices.
- d. Recommended revisions to Risk Appetite to the Board, through the appropriate standing committee, based on the level of risk, incorporating the level of ambition set in grant objectives (i.e. the more ambitious the objectives, the greater the need for risk taking), and the desired risk trajectory.

v. Conclusion

58. At the beginning of 2020, as significant progress was made in fighting the three epidemics, it was widely recognized that the next steps and making further gains was going to be even harder than all the work that had gone before. In order to achieve the organization's objectives more focus was needed on reaching the hardest to reach populations and HIV prevention, missing TB cases and interrupting the malaria transmission dynamics. Both the level of ambition and the level of difficulty would increase. The Global Fund's investment, over previous years, to strengthen risk management, governance and internal controls was a key step in preparing for these challenges.
59. The COVID-19 pandemic was a low probability, high impact risk which materialized. It has caused devastating and wide spread disruption and in many cases further exacerbated existing inequalities between and within countries and communities.
60. The level of disruption caused by COVID-19 in implementing countries is closely monitored by the Secretariat. Regardless, it remains a significant external risk outside of the organization's influence and a key driver for other risks.
61. The existing risk management framework has proven responsive to changes in the external environment and facilitated an adequate and timely response to the crisis. At the same time, the external environment will continue to evolve even as the immediate effects of the crisis caused by the COVID-19 pandemic subside. In the medium term there will be continued need to maintain focus on priorities and accept longer timelines for other activities. New drivers of risks to the Global Fund's core objectives, and new risks, will inevitably increase uncertainty for the foreseeable future and volatility will remain high.
62. Finally, and without minimizing the disruption and human cost of the pandemic, it is important to recognize that the crisis provided an opportunity for the Global Fund to focus on its strengths and has demonstrated the organization's capacity for agility. Increased communication, the external threat to the mission and new modes of collaboration had a mobilizing effect and spurred innovation across the partnership. Capabilities developed in fighting HIV, tuberculosis and malaria were tested and

expanded to address COVID-19 by securing essential commodities, mobilizing communities and protecting the most vulnerable.

63. One of the key mitigation measures for this risk is global collaboration and solidarity to support countries with weak health systems (particularly those already affected by conflict or natural disasters) to contain the pandemic and protect the gains made against HIV, TB and malaria. Globally, the partners showed unprecedented levels of unity in messaging and approach and it is essential that the partnership continues to build on this strength in order to remain a force for progress in this changed environment and continue to the fight against the three diseases.

Annexes

The following items can be found in Annex:

- Annex 1: Organizational Risk Register, Q2-2020 exceptional update assessing impact of disruption (separate attachment)
- Annex 2: Guide to risk management

Annex 1: Organizational Risk Register, Q2-2020 update

During the Q1-2020 ORR update, when COVID-19 disruptions on implementer countries were still at an early stage, the Secretariat had evaluated at a high level, the impact that COVID-19 may have on each risk in the ORR. The assessment was shared with MEC and Committees.

As the pandemic continues to escalate globally, the level of impact on our countries and therefore the Secretariat response has continued to evolve. Since Q1-2020 reporting, the Secretariat has identified some new root causes for key risks that will in turn require additional mitigating actions. Over the longer term, the new normal will require the Global Fund to adapt its risk management approaches and tools.

To start this journey of adapting our risk management and provide greater assurance to the Committees and Board of how in-country and internal risks are being managed by the Secretariat, the Q2-2020 ORR update focuses on evaluating the impact of COVID-19 on Global Fund operations and assesses the response as it pertains to key organizational risks.

Building on the Q1 ORR assessment of COVID-19 impact on individual ORR risks, and considering lessons learned from monitoring Business Contingency Plans, all ORR risks have been assessed to evaluate the impact of COVID-19 disruption. This assessment has highlighted 15 of the 22 risks where risk levels are increasing and, in some cases, it is possible that the level of risk may change (for example from 'Moderate' to 'High') over the next 6-12 months. The Q2 ORR focuses on the 15 risks (where the level of risk is increasing) in detail and provides an assessment of main drivers of disruption, their impact and the Secretariat response to these drivers.

Risk Name	Residual Risk	Risk Appetite
01 - Program Quality - HIV	High	High
02 - Program Quality - TB	High	High
03 - Program Quality - Malaria	High	High
04 - M&E	High	High
05 - Procurement	Moderate	Moderate
06 - In-Country Supply Chain	High	High
07 - Financial and Fiduciary	Moderate	Moderate
08 - National Program Governance & Grant Oversight	Moderate	Moderate
09 - Quality of Health Products	Moderate-Low	Moderate
10 - Human Rights & Gender Inequality	High	Not Applicable
11 - Transition	High	Not Applicable
14 - Future Funding	Moderate	Not Applicable
17 - Risk Management & Internal Controls	Moderate	Not Applicable
19 - Governance & Oversight	Moderate	Not Applicable
21 - Workforce Capacity, Efficiency & Wellbeing	Moderate	Not Applicable

The remaining risks were assessed to have a low level of disruption or have a steady direction of travel with no anticipated increase in risk level in the next 6-12 months. This was primarily driven by the Secretariat's quick and agile response to the COVID-19 crisis together with mature existing controls and mitigations, which allowed to quickly adapt and mitigate disruptions as they occurred. Many of these risks are corporate and for the most part, the Secretariat has a high ability to mitigate them. The 7 risks that had a low level of disruption or a steady direction of travel were not evaluated in detail for this Q2 update, these include Internal Operations, Organizational Culture, Integrated Grant Policies, Processes, Systems & Data, Drug & Insecticide Resistance, In-country Conduct & Ethics, Legal and Reputation.

01 - Program Quality - HIV		Risk owner: TAP	2020-Q2
Risk Description	Inadequate quality of programs/services funded by the Global Fund, which results in missed opportunities to maximize improvement of measurable outcomes in the fight against HIV and the effort to strengthen resilient and sustainable systems for health.		
Risk Impact	Poor adherence to international standards for prevention, diagnosis and treatment, and poor adherence to treatment regimens, contributing to drug resistance, treatment failure and heightened disease burden.		
Key Partners	The Global Fund's bilateral and multilateral partners have the capacity and opportunity to influence but not control program quality risk		
Key Countries	Angola; Botswana; Cameroon; Côte d'Ivoire; Democratic Republic of the Congo; Eswatini; Ethiopia; Ghana; Kenya; Lesotho; Malawi; Mozambique; Myanmar; Namibia; Nigeria; Rwanda; South Africa; Thailand; Uganda; Ukraine; United Republic of Tanzania; Viet Nam; Zambia; Zimbabwe		
Main drivers resulting from disruption due to COVID-19			
The COVID-19 pandemic is likely to negatively impact communities affected by HIV, along with the health and community systems that serve them. Impact on programs based on the preliminary data: New and early data from GF and UNAIDS describe significant impacts on HIV testing (HTC) including distribution of self-testing kits, and PMTCT programs. Similarly, data shows downward trends in VMMC and condom programs. Some KP HIV prevention programs seem resilient, such as some harm reduction services for PWID, while others report high levels of disruption and significant declines in numbers of KP reached as hot spots are closed. Adaptations towards social media reach and peer networks are reported. • The early picture of HIV treatment services is mixed though it appears that few countries are reporting significant declines in HIV treatment services. HIV treatment and viral load services appear to be mostly resilient. More data needed for further analysis • Potential disruptions to HTC especially for vulnerable and key populations are a significant concern. COVID-19 related restrictions, use of administrative measures and other efforts to control the pandemic have penalized the most vulnerable and marginalized- women and young girls (increase in GBV), sex workers (loss of livelihood, food, shelter or access to care), LGBTI (law enforcement agencies used to harm, harass and arrest) • Training and supervision disruptions are reported with likely impacts on program quality.			
Implications on corporate objectives:			
• Fast Track objectives are unlikely to be met for 2020 and beyond. Missed targets (pre-COVID-19) have already resulted in 3.5 million more HIV infections and 820 000 more AIDS-related deaths than would have occurred in Fast Track goals for 2020 had been met. This response could be set back further, by a decade or more, if the COVID-19 pandemic results in severe disruptions to HIV services (prevention, testing, treatment and social protection services). • Some KPI 2 targets for HIV may not be achieved • Some delays are anticipated in the completion of the actions in the ORR such as: – Tenofovir/Lamivudine/Dolutegravir (TLD) transition in all High Impact countries with focus on PEPFAR countries. This could be delayed due to supply chain constraints and the need for people on ART to avoid frequent facility visits (to avoid exposure to COVID-19) which are however necessary when receiving new ARV regimens. – Integration of HIV, TB and malaria services into broader service delivery platforms (i.e.-ANC/PNC, PHC and SRHR) through technical partners and implementers likely to be delayed in some countries			
Impact on existing controls/ mitigations			
Priority for Global Fund is to maintain essential services either through grant flexibilities or funding through C19RM. • Adaptive HIV prevention programming for different risk scenarios • Prioritize HIV testing services, especially rapid and community-based testing			

• Maintain people on ART • Ensure commodity security • Protection for HCW including community-based outreach workers					
Impact on planned mitigating actions					
Steps are already been taken by the Secretariat to address the challenges listed above, these have been also presented to MEC.					
Residual Risk	High	Risk Appetite	High	Current direction of travel	Increasing ↗
Change in Residual Risk Level					
The current risk level is 'High' and increasing due to COVID-19 disruptions					
New Mitigating Actions / Controls to address COVID-19 disruption					
The risk mitigation actions are in development and will develop as more data on disruption emerges along with plans for effective risk mitigation strategies. To mitigate the disruptions caused by the pandemic, working with other partners, the Secretariat is taking the following steps: • Focus on a subset of countries that face most significant service disruptions • Accelerate differentiated service delivery, with focus on bringing services to the people / community and by increasing use of technology, across prevention, testing and treatment services: • Expand multi month dispensing (MMD) for treatment and prevention commodities. Globally, implementation of MMD of ARVs has been slow although many countries have introduced new policies to adapt HIV service delivery under lockdown. • Prioritize investment for self-testing and other rapid and community-based testing programs. • Focused support for HIV prevention programs in a subset of countries that face significant disruptions – Re-establish VMMC services, where appropriate – Condom programs – supply, distribution to non-facility-based outlets and community sites, adapted demand creation – Support for adaptation of HIV prevention outreach services towards alternative/ redefined service delivery models (social media platforms for KPs, peer-led network-based outreach programs, including protective measures for peer/ community outreach staff) – Additional support for gender-based violence services • Ensure commodity security. Additional support to countries which are at maximum risk of treatment disruption. – Managing risk of supply interruption leading to stock out end 2020 of 1st and 2nd line ARV regimens in collaboration with GF Supply Operations, WHO and PEPFAR – Front load commodity orders where feasible – Close monitoring of delivery lead times and in-country stock management					
Outlook for the next 6-12 months					
In the absence of any (currently available) COVID-19 therapeutics or vaccines and given the current unpredictability of the pandemic and resurgence of cases noted across the globe, the risk of service disruption and its impact on the HIV programs will remain 'High' to 'Very-High'. The risk mitigation actions described above are in development and will evolve as more data on disruption emerges along with plans for effective risk mitigation strategies. This work is undertaken in close collaboration with key HIV partners. The current risk level is 'High', the direction of travel is increasing, and the risk level is anticipated to move to the top end of high and may move to 'Very High' over 6-12 months.					

02 - Program Quality - TB		Risk owner: TAP	2020-Q2
Risk Description	Inadequate quality of programs/services funded by the Global Fund, which results in missed opportunities to maximize improvement of measurable outcomes in the fight against tuberculosis and the effort to strengthen resilient and sustainable systems for health.		
Risk Impact	Poor adherence to international standards for prevention, diagnosis and treatment, and poor adherence to treatment regimens, contributing to drug resistance, treatment failure and heightened disease burden.		
Key Partners	The Global Fund's bilateral and multilateral partners have the capacity and opportunity to influence but not control program quality risk		
Key Countries	Bangladesh, Burkina Faso, Cameroon, Côte d'Ivoire, DRC, Ethiopia, Ghana, India, Indonesia, Kenya, Malawi, Mali, Mozambique, Myanmar, Nigeria, Pakistan, Rwanda, South Africa, Sudan, Tanzania, Uganda, Ukraine, Viet Nam, Zambia, Zimbabwe		
Main drivers resulting from disruption due to COVID-19			
Disruptions to the diagnosis and treatment of TB cases are the primary drivers of increased TB incidence and deaths. With lockdowns and restrictions on movement, the COVID-19 pandemic has exacerbated this situation. The vulnerable and marginalized are disproportionately more at risk. Timeframe for this disruption is not clear as it could extend to 2021 and beyond. The COVID-19 pandemic exacerbates all other root causes. • Lockdowns have resulted in significant reductions in TB diagnoses. Treatment and adverse event monitoring is interrupted which could lead to increase of drug resistance in the long term. Private sector facilities have shut down or scaled back operations and TB Preventive therapy stalled. • TB domestic resources have been diverted/ repurposed to address the pandemic. WHO survey results conducted in June, 2020 show nearly 60% of countries (N=172) reported reallocating resources from TB to C19 and over 35% of countries (N=109) repurposed Xpert machines for COVID-19 diagnosis. • TB staff deployed for COVID-19 and lab/ MDR TB wards have been repurposed for COVID-19 • It is estimated that the COVID-19 pandemic may lead to additional 525,000 deaths from TB in 2020 alone. • Less people accessing health services due to travel restrictions, increased stigma and discrimination due to overlap of TB symptoms and COVID-19 • Other consequences also include increased costs for: shipment of international commodities, in-country commodities, and in-country distribution systems.			
Implications on corporate objectives: • Risk of not achieving the target of identifying 1.5 million missing cases in the 13 priority countries (originally for 2019 and extended to 2020. GF was on target, it achieved 1.2 million by Q1 (80% of target) and was on target to exceed 1.5 end of 2020, this is very likely to be delayed. • Increased TB incidence and deaths which will impact corporate KPIs			
Impact on existing controls/ mitigations			
Priority for Global Fund is to ensure essential services either through grant flexibilities or funding through C19RM. • Guidance (internal and from WHO) has been elaborated on how to continue with TB programs activities and mitigate the impact of COVID-19 epidemic. The guidance has been shared with country teams. • Ensure continuation of treatment. MMD with people take home 1-2 months of TB drugs - follow-up by phone and report adverse reactions by phone and SMS. • Ensuring commodity security, closely working with GDF • The Global Fund has made available funding of up to US\$1 billion to help countries fight COVID-19, mitigate the impacts on lifesaving HIV, TB and malaria programs, and support health systems. A portion of this funding is to mitigate impact on TB programs. The C19 RM and Grant flexibilities supported emergency measures, including procurement of PPE and GeneXpert machines (over 500 additional machines requested)			
Impact on planned mitigating actions			
Steps are already been taken by the Secretariat to address the challenges listed above, these have also been discussed at			

the recent MEC meeting. Please refer to section ‘New Mitigating Actions / Controls to address COVID-19 disruption’ for the detailed actions.					
Residual Risk	High	Risk Appetite	High	Current direction of travel	Increasing 
Change in Residual Risk Level					
The current risk level remains ‘High’.					
New Mitigating Actions / Controls to address COVID-19 disruption					
The goal of the Secretariat (working with other partners) would be to restore and improve TB diagnosis, treatment and prevention. Reverse as much as possible of the losses in diagnosis and treatment of TB to pre-COVID-19 levels in 2021, Return TB diagnosis and treatment to the level planned in UNHLM targets by 2022 and Prepare re-modelling TB programming post-COVID-19. Specifically, this entails: • Working on short (6-12 months) and medium term (1-2 years) catch up plans, starting with the high burden countries (20 SI countries). The Secretariat working with partners such as the WHO, Stop TB partnership, USAID, KNCV, Union, Gates Foundation as well as few NTP (invited to input) is working towards a costed plan by end of Q3. • Look into innovative approaches to restore diagnosis, treatment and prevention such as: – TB/COVID-19 concurrent testing (use the screening apps for both); – TB/COVID-19 contact tracing; – Provide virtual TB care in community (using NGOs or community workers, digital adherence technologies); – Accelerate engagement with private sector for early diagnosis and treatment, – CSO/Community facilitated drug delivery and patient support: Home based TPT delivery and integration of TPT delivery in existing MMD strategies etc. – Campaign style approach to diagnosis, treatment and prevention • Ensure commodity security. Accelerate use of smart purchasing for TB services (lab, CXR, drug delivery, treatment monitoring). Planning to prevent commodity gap and human resources gap in coming months					
Outlook for the next 6-12 months					
In the absence of any (currently available) COVID-19 therapeutics or vaccines and given the current unpredictability of the pandemic and resurgence of cases noted across the globe, the risk of service disruption and its impact on the TB programs will remain high to very high. The mitigation measures are likely to reduce the negative impacts of the disruption, but the situation in most countries is evolving rapidly and needs to be monitored very closely and actions adapted accordingly. The current risk level is ‘High’, the direction of travel is increasing and the risk level is anticipated to move to the top end of high over the next 6-12 months.					

03 - Program Quality - Malaria		Risk owner: TAP	2020-Q2
Risk Description	Inadequate quality of programs/services funded by the Global Fund, which results in missed opportunities to maximize improvement of measurable outcomes in the fight against malaria and the effort to strengthen resilient and sustainable systems for health.		
Risk Impact	Vector control threatened by inability to achieve or maintain coverage over time. For LLINS specifically, lack of usage may also limit impact even if sufficient ownership. Insecticide resistance to pyrethroids will continue to develop and reversal of transmission reduction due to vector control will occur if mitigating actions not taken. Case management challenged by insufficient access to care and poor-quality services (including lack of parasitological diagnosis, poor adherence to clinical algorithms and accurate reporting and recording)		
Key Partners	The Global Fund's bilateral and multilateral partners have the capacity and opportunity to influence but not control program quality risk		
Key Countries	Angola, Benin, Burkina Faso, Burundi, Cameroon, Chad, Côte d'Ivoire, Democratic Republic of Congo, Ethiopia, Ghana, Guinea, India, Kenya, Madagascar, Malawi, Mali, Mozambique, Niger, Nigeria, Rwanda, Sierra Leone, Sudan, Tanzania, Togo, Uganda, Zambia, Zimbabwe		

Main drivers resulting from disruption due to COVID-19

The pandemic threatens to reverse the gains made over the past several decades in the fight against Malaria. Malaria related deaths are likely to increase due to service disruptions caused by the pandemic. WHO modelling projects 382,000 additional malaria deaths in 2020, compared to 2018, as a result of the pandemic. This nearly wipes out 20 years of progress in the fight against malaria, with deaths set back to 2000 level.

Significant risks to the malaria program arise from the inability to continue with ITN campaigns (routine or mass), case management and reduced access to effective anti-malarial treatment.

From the last available COVID-19 monitoring survey report and program implementation analysis the impact of COVID-19 on campaigns and supply operations are summarized below:

- SMC campaigns across 11 countries are currently on track
- Of the 38 LLIN campaigns planned in 2020, 3 are completed, 33 are on track and 2 may potentially be delayed as a result of procurement challenges.
- Comparatively more delays are reported for IRS owing to supply issues for PPEs and/or insecticides or both. 8 out of the 19 countries with IRS campaigns scheduled this year reported some levels of delays again due to procurement challenges.
- 6% of the countries (10 countries) reported experiencing disruptions in stocks of key products (14% of the countries reported having 0-3 months of stock and 26% with 3-6 months of stock).

Implications on corporate objectives:

- Some delays are anticipated in the completion of the few of the actions in the ORR with target completion date at end of the year (namely; acceleration of elimination in the priority countries, distribution of the next generation LLINs in the selected countries). They will be closely monitored in Q3 and Q4 of 2020.
- Delays in surveillance data is expected. There are challenges in completeness and timeliness of data, as well as in coordinating information from different partners (some using different metrics). Malaria team is working to triangulate and coordinate the information coming from multiple sources (partners and LFA)
- Early detection and treatment: Case management may be challenging with increased needs of PPEs (to ensure and assure continuation of services) which is a challenge in many countries, reports of stock outs in some countries.
- Ensuring campaigns remain on track or are accelerated (where possible): ITN, SMC campaigns are generally noted to be on track. Some challenges noted with IRS campaigns, mostly supply chain related issues linked to PPEs and/or insecticides. To note that non-COVID-19 related downstream operational and political challenges (in some countries) have also contributed to the delays in IRS campaigns.

There is a multi-partner effort to ensure malaria activities are prioritized and case management classified as essential service.

Impact on existing controls/ mitigations

Through grant flexibilities and C19-RM funding, programs have been able to adapt malaria control interventions to the pandemic context including:

- Meeting demand for PPE for health care workers at facilities and the communities,
- Novel approaches to implement LLIN, IRS and SMC campaigns and
- Secure additional antimalarials and RDTs to meet increased demand for fever management.

Impact on planned mitigating actions

Steps are already been taken by the Secretariat to address the challenges listed above, these have been discussed in the recent PPC.

Residual Risk	High	Risk Appetite	High	Current direction of travel	Increasing 
----------------------	-------------	----------------------	-------------	------------------------------------	--

Change in Residual Risk Level

The current risk level remains 'High'.

New Mitigating Actions / Controls to address COVID-19 disruption

To mitigate the disruptions caused by the pandemic, the Secretariat is considering several approaches to further reduce malaria transmission in face of the potential continued challenges and constraints of the COVID-19 pandemic.

Shoring up essential services using Portfolio Optimization, C19RM and flexibilities within existing grants. Specific measures may include:

- Vector control: Prioritize filling gaps in vector control coverage of current geographic areas and upgrade tools (Pyrethroid-only ITNs to pyrethroid-PBO ITNs) where feasible and applicable.
- Seasonal Malaria Chemoprevention (SMC): Prioritize filling gaps in current geographic areas and expanding geographic coverage to areas identified through stratification exercises (full scale up of SMC following WHO criteria is expected in 2021 onwards, subject to TRP approval).
- Ensure support for adequate PPEs for case management (HF and community)

Work with manufacturers to maximize product availability in view of advance procurement and increased need for health products: This applies to PPEs, ACTs/RDTs, ITNs and SMCs. For some products such as SMCs manufacturers' capacity for expansion beyond 2021 campaigns may be limited. Market entry for additional manufacturer is subject to ERP approval, although it may bring additional capacity.

Malaria partner mobilization and collaboration has enabled mass campaigns to be adapted to the COVID-19 context enabling most scheduled campaigns to proceed and LLIN distribution volumes to be achieved

Enhancing demand verification process to improve accuracy of demand forecast and mitigate major swings in inventory/inefficiencies - The Secretariat is coordinating with partners to triangulate information on stock-out situation (based on partner data/LFA survey etc.) and improve health product demand forecast (12-18mnths outlook).

Other exceptional measures include:

- Minimize (and prevent) stock outs by ensuring adequate buffer stocks are maintained at the central level, including flexibilities on levels of buffer stocks.
- Looking into the flexibilities and country readiness to advance ITN campaigns based on country context and programmatic justification (one-time intervention only). Provide TA if needed.
- Temporary expansion of IRS (where feasible and applicable and depending on country readiness)

Outlook for the next 6-12 months

In the absence of any (currently available) therapeutics or vaccines and given the current unpredictability of the pandemic and resurgence of cases noted across the globe, the risk of service disruption and its impact on the Malaria programs will remain high to very high. The mitigation measures are likely to reduce the negative impacts of the disruption, but the situation in most countries is evolving rapidly and needs to be monitored very closely and actions adapted accordingly. The current risk level is 'High', and the direction of travel is increasing. It is anticipated that the risk level will remain 'High' through the next 12 months.

	04 - M&E	Risk owner: TAP	2020-Q2
Risk Description	Poor quality and/or unavailability of program data due to weak in-country M&E systems that do not lead to proper planning decisions and efficient investments and therefore hamper programs' ability to reach their targets and health impact.		
Risk Impact	Poor quality data can impede implementers' management of quality programs and the Global Fund's ability to assess their impact. This can result in programs with improper focus on relevant interventions and beneficiary populations and failure to achieve desired public health impact.		
Key Partners	The World Health Organization, GAVI, Gates Foundation and University of Oslo have a moderate ability to mitigate Strategic Data Quality and Availability risk.		
Key Countries	Bangladesh, Burkina Faso, Cameroon, Côte d'Ivoire, DRC, Ethiopia, Ghana, India, Indonesia, Kenya, Malawi, Mali, Mozambique, Myanmar, Nigeria, Pakistan, Rwanda, South Africa, Sudan,		

Tanzania, Uganda, Ukraine, Viet Nam, Zambia, Zimbabwe					
Main drivers resulting from disruption due to COVID-19					
Level of COVID-19 disruption as it relates to DQ/HMIS routine reporting: • The results from the bi-weekly LFA COVID-19 monitoring survey data do not indicate significant disruption of HMIS reporting rates across the majority of GF countries. Reports of 1 August 2020 indicate disruption in the HMIS reporting is low in 52% (54 countries) and moderate in another 37% (38 countries). • Routine data quality checks and supervisions are mostly suspended in countries, despite some verification by phone calls or virtually • Observed service delivery disruptions, limited oversight and data quality checks, concerns on completeness and quality of data, and limited availability of verified data to ascertain the extent of disruption, the overall impact COVID-19 on routine HMIS reporting and use of data for decisions is projected to be high in the coming months. Some of the key drivers of the change include: • Disruptions in routine HMIS reporting contributed by staff availability and capacity, and repurposing of M&E staff for COVID-19 response and reporting • Disruption in the implementation of planned systems strengthening activities, including roll out of HFAs, DQRs, surveys or evaluations are due to travel restrictions which prevent the QA/TA providers, including international service providers and from visiting the country and the in-country movement restrictions which prohibit any field-based visits to sites. • Delays in coordination activities with in-country stakeholders delayed due to prioritization of COVID-19 response activities. Significant risks for M&E arise from the risk of delayed and incomplete reporting, data quality issues and delays in planned roll-out of DHIS or other systems strengthening initiatives. Several studies and surveys to measure coverage and effectiveness of evaluations are also likely to be delayed.					
Implications on Corporate Objectives: • GF KPI6d on HMIS coverage and quality: The KPI 6d results for the end-2020 reporting period are expected to be negatively affected by the COVID-19 disruption. 8 – 10 countries with previously very strong reporting rates that are now estimated to be experiencing reduction in these rates. • The delayed conduct/postponement of planned data quality reviews, studies, surveys, evaluations or program reviews impacts on the timely availability of epi-data, evaluation of the program design and the provision of valuable recommendations to the National disease programs and Global Fund Country Teams for planning purposes e.g. NSP development, GF funding requests, grant course correction (if needed) etc.					
Impact on existing and planned controls/ mitigations					
• Delays in implementation of planned strengthening measures for HMIS and use of data for decision making. Country level mitigation activities including training, supervision, TA, etc. are affected by travel bans. • Data Quality Reviews: delays are anticipated in reference to DQRs planned in 2020. While QA support is being provided remotely and planned implementing countries have initiated preparatory activities, travel restricts are likely to delay field work • Surveys, evaluations (26/83 delayed) and thematic reviews are likely to be delayed or deferred, with increased cost of implementation and may potentially impact some of the programmatic discussions and decisions • Delays/disruptions in field work for data collection are due to travel restrictions, temporary de-prioritization of facility survey to respond to the pandemic; and non-availability of partners to support implementation. • Remote QA and TA support for planning & preparatory activities for survey implementation and data analysis for ongoing surveys/studies being mobilized.					
Residual Risk	High	Risk Appetite	High	Current direction of travel	Increasing 

Change in Residual Risk Level	
The current risk level remains 'High'.	
New Mitigating Actions / Controls to address COVID-19 disruption	
Some of the immediate actions initiated by the Global Fund include: • In response to the COVID-19 context, the Secretariat rolled out LFA COVID-19 bi-weekly monitoring survey in May 2020 intended to provide regular up-to-date information of the unfolding situation to support decision-making and rapid response, and to identify risks that may lead to medium to longer-term secondary impacts. The survey provides insights on extent of disruptions on the HIV, TB and malaria services and underlying health systems (HMIS, LMIS, in-country supply chain, financial management systems etc), and extent of disruptions in development of funding request and grant making process. • Monthly monitoring of key disease indicators across 39 high burden portfolios launched, which together with other Global Fund and partner data will help in understanding where resilience and adaptations are working well and where a more focused effort on program adaptations is required. • Guidance and Resources: Developed GF internal M&E guidance and resources in the COVID-19 context and disseminated to Country Teams; includes digital health information systems guidance. It also supports adapting M&E global goods, normative guidance and tools to virtual versions and e-learning training courses. • Partnership with UiO/DHIS2 through the Data-Strategic Initiative to support deployment of DHIS2 COVID-19 surveillance and contract tracing modules in countries' national HMIS. These COVID-19 DHIS2 modules are now operational in 27 GF countries and in development in additional 18 GF countries. • Coordination with other Partner's COVID-19 monitoring (e.g. ACT-A, WHO, UNAIDS, PEPFAR, Modelling Consortium, etc.) to minimize any duplication/reporting burden on countries while also ensuring GF has the information needed for the three diseases (3D) and its mission to react quickly during this pandemic. • Active coordination of results with GF PHMEs and Technical Partner - both to monitor results and to address risks in coordinated way, e.g., active participation on the global Health Data Collaborative; • Added a module in the evaluation protocol on COVID-19 disruptions and mitigations for upcoming evaluations • COVID-19 Spot checks/verification of implementation to monitor service continuity in the KPI-2 countries; For M&E Systems/DQ, - monitoring of facility timely submission of monthly reports and Supervision • Continued collaboration with WHO M&E groups (for the 3D and across systems), the University of Oslo/DHIS2 and the DHIS2 investment partners have allowed rapid HMIS strengthening activities in the context of COVID-19.	
Outlook for the next 6-12 months	
The mitigation actions are primarily aimed to increase availability of data to measure the extent of disruptions and its impact on program results and changes over time. The demand for more granular data (on few prioritized indicators) and at increased periodicity to adequately prepare and manage COVID-19 impact on the three diseases significantly increases expectation of a functional HMIS system in the countries supported by the Global Fund. The current risk level is at the low end of High and as the situation in most countries is evolving and remains fragile, the direction of travel is increasing. It is anticipated that the risk level will remain at 'High' over the next 6-12 months.	

05 - Procurement		Risk owner: GMD/ Supply Operations	2020-Q2
Risk Description	Procurement challenges and failures that lead to poor value for money or financial losses, incorrect or sub-standard products or delayed delivery, potentially leading to stock out, treatment disruption; poor quality of services or wastage of funds or products.		
Risk Impact	Global Fund exposure to health commodities procurement is material, as it captures between 40% and 60% of grant funding across the portfolio. The risk is concentrated in sub-Saharan Africa, with up to 75% of grant funds in the region budgeted for health commodities. For the 2018-2020 period, while 59% of the Global Fund health commodities projected spend will be procured centrally through the Pooled Procurement Mechanism (PPM), presenting an important market shaping opportunity, the balance will		

	be conducted through a wide range of procurement channels, including national systems (20% of projected spend) and international organizations (e.g., UN agencies) (21%). Because PPM-related risk is managed directly by the Secretariat, challenges are likely to predominantly affect the approximately 20% of procurement spend exposed to national systems. These challenges include, but are not limited to, poorly managed and lengthy procurement processes, inadequate capacity to maximize value opportunities through strategic sourcing approaches and fraud that negatively affects value for money and the continuity of supply.
Key Partners	Donors including the World Bank, US and France provide focused technical assistance related to health commodity procurement.
Key Countries	Burkina Faso, Cameroon, Côte d'Ivoire, DRC, Ethiopia, Ghana, Guinea, India, Kenya, Malawi, Mozambique, Myanmar, Nigeria, Pakistan, Sudan, Tanzania, Uganda, Ukraine, Viet Nam, Zambia
Main drivers resulting from disruption due to COVID-19	
The below are the primary drivers of production output and scheduling challenges, resulting in health product supply issues: • Reduced availability of upstream raw materials supply, such as key starting materials and active ingredients for the for pharmaceutical productions as a result of COVID-19 related restrictions and disruptions. • Reduced availability and/or increased workloads of the workforces for production, freight and logistics, Secretariat and Procurement Services Agents. • Some suppliers may prioritize production of new COVID-19 commodities over core health products needed by Global Fund programs, with particular concern in term of prioritization of COVID-19 related RDT over malaria RDTs and potentially COVID-19 related pharmaceuticals over ARVs. • Freight and logistics disruptions because of origin and destination countries adopting different restrictions; reduced ocean freight capacity and significant reduction on the airfreight capacity; and origin and destination customs capacity. • Supply and transportation constraints are also likely to lead to increased prices/costs. • Potential export bans on health products in manufacturer origins could result in serious supply issues impacting availability of both essential medicines and COVID-19 related commodities. • Extremely scarce supply could make it very difficult to secure product volumes with supplier to supply country need (including COVID-19 diagnostics and PPE). • Rapid scope expansion to accommodate needs for COVID-19 commodities (COVID-19 diagnostics, PPE, oxygen supply) has required development of new procurement services agent arrangement and increased partnership engagement. • PR-level disruptions (including lockdown measures and workforce illness) leading to late order submission or delayed order approvals, further limiting options for timely delivery. • Reduction in domestic or partner procurement for the three diseases, leading to in-country shortages overall and urgent, unanticipated requests to the Global Fund for increased volumes to fill gaps. The operational risk associated with most of the health products (Pharmaceutically, Diagnostics, LLIN) is assessed as moderate, with the risk associated with MRDTs, COVID-19 diagnostics and PPE assessed as moderate to high due to more serious supply constraints. As of the end of Q2, 14% of PPM purchase orders are late more than 30 days, production delays are noted across different health product categories and range from 1-2 months, prices volatility has also increased (ex. the cost of 2nd line ARVs have increased by 6-8%), and cost increases, including up to a 25% increase in cost of ocean freight, a 50-100% increase in the cost of air freight cost increase up to 50-100%. As of the end of June 2020, these supply delays and cost increases do not appear to have had notable programmatic impacts.	
Impact on existing controls/ mitigations	
• Extension of the exception period for delivery of products ordered “on-time” from 90 to 180 days after the end of the grant implementation period to account for the longer lead times due to COVID-19. • Adjustment of GF demand and transaction processes and funding approval processes to support procurement of	

COVID-19 products (i.e., grant flexibilities and C19RM). • Early order placement, with next allocation funds, is being explored to allow the Global Fund to secure supply of products despite scarcity and extended lead times.					
Impact on planned mitigating actions					
Several medium to long-term strategic initiatives are delayed or on hold. Change initiatives including development of a responsible procurement framework, procurement capacity building, development of a new category strategy for non-COVID-19 products/services and development of a revised demand management process for the next grant cycle are delayed or on hold.					
Residual Risk	Moderate	Risk Appetite	Moderate	Current direction of travel	Increasing 
Change in Residual Risk Level					
Given the extent of disruptions, the current risk level has shifted to the high end of 'Moderate'.					
New Mitigating Actions / Controls to address COVID-19 disruption					
Existing mitigations and controls have been adjusted in response to disruptions caused by COVID-19 to effectively manage health product flows and demand. In addition, several new mitigations have been established to address disruptions caused by COVID-19. Supply Operations has used the below framework to organize and plan mitigations: • Estimate and monitor the risk and impact through weekly meetings with suppliers, PSAs and partner organizations to identify high risk products or product categories, held pharmaceutical and LLIN supplier town hall, mobilized around duty of care. • Avoid the supply chain risk – Ongoing due diligence process to assess the supply risk and price increase requests; – Conduct scenario planning to understand implications of prolonged supply chain interruption; – PR order placement for current funding cycle (with 75% of grants ending in December 2020 and 25% in 2021) completed in April in order to provide accurate demand and PO visibility for the coming 6 to 12-months to support advanced procurement. – Efforts to ramp up alternative products and suppliers, i.e. for MRDTs, explore additional options; – Rerouting/changing transportation mode and leveraging other exiting logistic capacity; – Enhance demand verification process to correct inflated demand and mitigate major swings in inventory/inefficiencies, leveraging PR Services team engagement with HPMs and country stakeholders; – Continue to monitor unutilized budget and PO closure to maximize available funds for current grants, as well as heightened follow up with PRs for on-time order placement. • Strengthen collaborative relationships – Work in close collaboration internally within the Secretariat and externally with partners (USG/ UNICEF/ WHO) to identify and address critical supply challenges; – Leverage partnerships to optimize supply, logistics solutions and accelerate regulatory approval pathway; and jointly manage demand with common recipient countries, including for PMI SMC projects, Artesunate injectable and MRDT supply; – Development of the Accelerated Order Mechanism (AOM): working closely with key partners through a World Health Organization-led Consortium to rapidly and equitably support access to COVID-19 diagnostics. The Global Fund and UNICEF are the lead procurers for automated molecular COVID-19 diagnostics and have secured production capacity with major manufacturers – Communicate Global Fund supply risk assessment, revised lead-times and reference prices on the external website; • Control risks – Define and deploy a cross-function supply chain operational risk management forum in response to major risk areas; – Optimize processes and tools to support better planning and reduce demand fluctuations, including channeling					

COVID-19 diagnostic and PPE procurement through wambo.org;

- New supply channel for key PPE products and medical equipment (currently through an MOU with UNICEF) to permit PRs with approved funding for PPE under grant flexibilities or C19RM to order approved products through the wambo.org platform;
- Engage with WHO to assess the pharmaceutical supply situation and engage with country and industry stakeholders to prevent export bans and unnecessary interruptions;
- Determine possible product and supplier shortlists in case alternate supply is required (MRDT, 2nd ARVs, PBO LLIN);
- Leadership engagement with suppliers and partners to prevent supply shortage, production reallocation and product volume allocation (MRDT, COVID-19 diagnostics, PPE);
- Mobilize resource internally through surge staff and externally through PSAs;

Outlook for the next 6-12 months

Based on current information and available resources, while the current risk level is 'Moderate', the direction of travel is increasing, and the risk level is anticipated to be 'Moderate' / 'High' in the next 12 months. The second wave of COVID-19 will have further impact on the global health product supply infrastructure and supply risk level. The risk level may move to 'High'. It will be closely monitored and reassessed in the next quarter.

06 - In-Country Supply Chain		Risk owner: GMD/SSC	2020-Q2
Risk Description	Disruption or poor performance of in-country health product supply chain services, from port of entry to point of service delivery that could result in inadequate availability of commodities and/or wastage of grant-funded commodities through expiries or diversion. Gaps may be in supply systems arrangements, systems and capacity, data process and analytics, physical logistics and/or financing and can prevent achievement of grant objectives.		
Risk Impact	Inadequate availability of commodities or wastage of grant-funded commodities through expiries or diversion. With over 40% of grant funding allocated to health commodities, high volumes of lifesaving products flow through in-country supply chains that are often fragile, insecure and poorly managed and coordinated, which can lead to multiple risk events, including treatment disruption, poor quality of services, increased drug resistance, health products wastage and poor value for money. Ultimately, this can lead to reduced impact of Global Fund investments and increased mortality and morbidity.		
Key Partners	Agencies of the US Government, Bill and Melinda Gates Foundation, Gavi, World Bank, World Health Organization and Interagency Supply Chain Group		
Key Countries	Top 20 countries by commodity budget: Bangladesh, Cameroon, Congo (Democratic Republic), Côte d'Ivoire, Ethiopia, Ghana, India, Kenya, Malawi, Mozambique, Myanmar, Nigeria, Pakistan, Sudan, Tanzania (United Republic), Uganda, Ukraine, Viet Nam, Zambia, Zimbabwe 16 Key priority & Support countries: Bangladesh, Congo (Democratic Republic),Côte d'Ivoire, Ethiopia, Ghana, India, Malawi, Nigeria, Pakistan, Tanzania (United Republic), Uganda, Burkina Faso, Haiti, Liberia, Niger, South Africa		
Main drivers resulting from disruption due to COVID-19			
- Limited capacity of in-country actors to perform supply chain functions considering national response measures and in-country disruptions; diversion of resources to support logistics relevant to COVID-19 response rather than the three diseases - Upstream delays and disruptions that increase supply planning challenges and downstream pressure on in-country systems - Lack of leadership for country-specific coordination contributing to inefficiencies/ ineffectiveness in response to crisis - Limited visibility of key partners' and other private sector players' in-country supply chain assets, blocking effective collective problem-solving - Reduced Secretariat and implementer capacity/resources to drive implementation of agreed Transformation plans			

- Reduced mobility of service providers to provide supportive TA and collect KPI data

Based on the August 1 LFA survey results of the 107 countries reporting, 79% (84 countries) reported no or limited disruption to the supply chain (more than 80% functional capacity). However, limited supply chain disruption did not necessarily imply enough availability of national stock; among the countries reporting no or limited supply chain disruptions, 8% were currently experiencing stock outs of critical program commodities; 17% reported less than 3 months of stock; and 25% reported a supply of 3-6 months. While this information highlights upstream challenges as the key driver of shortages, it likewise heightens the need for functional in-country supply chains to make products available as quickly as possible once they reach country.

16% of countries reported moderate supply chain disruptions with functional capacity between 50% and 80%, while high (25-50% functional capacity) or very high (less than 25% functional capacity) supply chain disruption was reported in only 4 countries (Guyana, Suriname, Honduras and DRC).

Impact on existing controls/ mitigations

- CT review of planned activities, including grant-financed supply chain strengthening activities (i.e. improving data systems, storage and other infrastructure improvements, commodity tracking, inventory management and national capacity building) considering COVID-19 disruptions, and re-scoping or reprogramming as needed. Many grants have adjusted their activities in response to disruptions, but priority SC activities continue across the GF portfolio.
- The frequency of Secretariat review of commodity forecasts and quantification has increased given upstream disruptions. In many countries, Forecasting Steering Committees also continue to meet to monitor stock levels.
- Cooperation with partners, both at Secretariat and country level, has increased significantly in order to identify country-specific solutions to bottlenecks and share crosscutting information. Existing partnerships with USG, the Interagency Supply Chain Group (ISG) and other partners remain in place and are leveraged to drive coordinated response.
- Existing, country-specific supply chain solutions, such as selective use of private sector providers to deliver supply chain functions such as storage or transportation, are being effectively maintained.
- Alternative data collection approaches, including phone calls rather than facility visits, are being leveraged to continue collection of On-Shelf Availability (OSA) data. In Q2, 14 of the 16 planned countries collected or are on track to collect OSA; of those, 5 countries reported through remote channels (LMIS or phone calls to health facilities). This information is being compared with information provided through monthly LFA surveys. BI dashboards that include OSA data remain available for 11 countries.
- Planning remains underway to expand OSA collection beyond 16 priority Transformation countries in 2021.
- Collection of Inventory Turn data was planned for initiation by December 2020 and will continue as planned, though adjustments may potentially be made in terms of initial frequency and country coverage.

Impact on planned mitigating actions

- Based on the situation in country, some components of transformation project plans have been rescoped based on what can be achieved in the current funding cycle. Revisions to project plan timelines are reviewed by the Supply Chain Steering Committee; review includes review of budget forecasts to reflect anticipated delays; and new projected in-country supply chain risk status.
- Capacity building in 19 countries by expanding supply chain universities and supply chain training has been put on hold given immediate and critical needs.
- Implementation of Bar Coding on core health products (GS1) Standard and introduction of GS1 standards for inventory management in 5 countries has been put on hold given the level of coordination required and limited resources.
- BI dashboards for 6 additional countries were planned for deployment by end of 2020 but may be delayed until 2021.

Residual Risk	High	Risk Appetite	High	Current direction of travel	Increasing 
Change in Residual Risk Level					

The current risk level remains 'High'.
New Mitigating Actions / Controls to address COVID-19 disruption
• A private platform for partner collaboration and information sharing has been created to increase visibility of response efforts. The SO team is monitoring implementation of response activities and actively engaging with in-country partners. • Monthly LFA surveys include feedback on the level of in-country supply chain disruption and months of stock available nationally for critical program commodities. • SO will also continue monitoring country capacity for distribution given increased volumes of PPE, diagnostics, and other COVID-19 specific commodities to be able to quickly support countries to outsource storage and distribution if needed. Service providers have been identified for engagement if needed. • Going forward, monitoring of in-country supply chain disruptions will be further standardized through development of a consistent framework for assessment of in-country supply chain disruption and risk. Consistent quantitative and qualitative information will be shared via the framework to monitor changes and trends in in-country risk levels. Additionally, a sample of 10-15 countries will be evaluated through close engagement to understand shifts in root causes and risk levels as a result of COVID-19.
Outlook for the next 6-12 months
In-country stakeholders face travel restrictions and the need to narrow their scope to focus primarily on the COVID-19 response, potentially deprioritizing other cross-cutting supply chain activities critical for response to the three diseases. Likewise, upstream disruptions and delays translate into downstream challenges for in-country supply chain. Although in-country supply chain systems have largely been able to accommodate disruptions and increased volumes in the short term, this will become increasingly difficult over the long term. Diversion of in-country resources away from long-term system strengthening efforts may also result in increased risk over the longer term. The current risk level is 'High', the direction of travel is increasing. The risk level is anticipated to be at the top end of high and may move to 'Very High' in the next 6-12 months, but this will only be temporary given our ability to mitigate this risk.

07 - Financial and Fiduciary		Risk owner: FINANCE	2020-Q2
Risk Description	Misuse of funds due to wrongdoing and inadequate financial/fiduciary control, including for procurement practices and incomplete, incorrect, delayed or inadequately supported financial records by PRs or SRs due to inadequate financial management systems.		
Risk Impact	Fraud and weaknesses in internal control environments can result in financial losses that affect value for money and lead to inadequate program coverage, execution and suboptimal impact against the diseases, as well as causing reputation damage. Misallocation of resources; reduced grant coverage, performance and impact.		
Key Partners	The World Bank and US Government agencies have a moderate ability to mitigate the risk of poor Accounting & Financial Reporting by Countries. Additional Partners: International Professional Accounting Bodies and Supreme Audit Institutions (SAI).		
Key Countries	Bangladesh, Burkina Faso, Cameroon, Côte d'Ivoire, DRC, Ethiopia, Ghana, India, Indonesia, Kenya, Malawi, Mali, Mozambique, Myanmar, Nigeria, Pakistan, Rwanda, South Africa, Sudan, Tanzania, Uganda, Ukraine, Viet Nam, Zambia, Zimbabwe		
Main drivers resulting from disruption due to COVID-19			
Main disruption linked to travel and movement restrictions, and remote working requirements, which resulted in: • Difficulties and in some instances delays in SR monitoring, and PR reporting. LFA assurance activities have largely continued but there has been some disruption and delay. • Reduced ability of the Fiduciary and Fiscal Agents to obtain suitable supporting documentation, oversight on procurement activities, and execution of in-field verifications and spot checks of SRs. • Timely access to people and supporting documentation by assurance providers			

- Disruption of PR's ability to adequately monitor SRs
- Difficulties for PR staff and TA consultants in executing capacity strengthening initiatives
- Delays in routine monitoring (FMIR) and in-country deep dive/diagnostic review missions
- Up to 6- 12 months delays of Grant-related work on PCFC

At a macro-economic level in-country, foreign exchange risk, bank default risk, inflation and economic disruptions have all increased due to the COVID-19 disruptions, which may cause changes to banking and treasury operations at the micro-level.

Impact on existing controls/ mitigations

Many existing controls and mitigations continued to operate with low disruption, including:

- Oversight and monitoring of grant-level financial assurance plans across the portfolio
- Fiduciary/Fiscal Agents continued delivering on their mandate while maintaining adequate HQ oversight.
- Most portfolios at country level were able to source TA

However, some mitigations have experienced a high level of disruption due to COVID-19:

- Given the remote working and BCP flexibilities, outcomes of assessment of implementers in financial management (via the FMIR tool targeting High Impact and Core countries) through FMIR semester reporting was de-prioritized and changed to once a year.
- BCP flexibilities granted to standard policies and procedures, some of which can increase the financial risks on the grants (delayed submissions, use of scanned copies versus originals as supporting documentation etc.).
- Revised financial audit Terms of Reference emphasizing risk-based assessment of PR internal controls, which had an impact on external and internal audit assurance work.
- Delays of capacity strengthening and in-country risk reviews due to international travel restrictions

Impact on planned mitigating actions

Some planned mitigating actions are experiencing delays due to COVID-19 disruptions, including:

- Delays by up to 6-12 months in developing and implementing the anti-Fraud Risk Guidelines to provide guidance to Country Teams on how to manage fraud.
- Significant delays in Co-Link initiative action plans due to PRs' reduced ability to source the required local and international technical assistance/support and focus on country dialogue and grant-making.

Residual Risk	Moderate	Risk Appetite	Moderate	Current direction of travel	Increasing 
----------------------	-----------------	----------------------	-----------------	------------------------------------	--

Change in Residual Risk Level

The risk level remains at 'Moderate' but has slightly increased due to COVID-19 disruptions.

New Mitigating Actions / Controls to address COVID-19 disruption

- Most of the HI and Core countries have or are planning to put into place additional mitigating actions to address the additional risks and challenges to core financial processes due to COVID-19. Example of these include:
 - LFA review of the procurement processes for all major non-health procurements
 - Increased use of mobile payments and indirect cash transfers
 - Pooling of PPE procurements
 - Increased LFA oversight of SRs
 - Revision of the FM manual to document new controls aimed at addressing challenges associated with the new COVID-19 environment
 - Inclusion of fraud experts in the LFA teams
 - Increased information sharing on payments and markets operations affected by COVID-19 in countries
- For in-country capacity strengthening, the performing of desk reviews (as opposed to in-country diagnostic travel missions) is being explored in order to maximize coverage on countries for in-country capacity strengthening. Other mitigating actions include deferring implementation of information-system related actions to at least 2021 in recognition of the heavier reliance on external TA/support to achieve these by in-country implementers.

- A transversal team has been set up in Program Finance and Controlling to continue performing quality assurance, monitor timely validation, and improve the overall reconciliation and closure process.

Outlook for the next 6-12 months

The current risk level is 'Moderate', and the direction of travel is increasing. Given the unique challenges posed by the COVID-19 pandemic and the potential impact on grant implementation processes and procedures, the Secretariat recognizes that the ability of various Risk mitigation measures to be effective and assurance providers to undertake reviews are expected to be limited. The 'Financial and Fiduciary' risk consists of two components 'Grant-Related Fraud & Fiduciary' and 'Accounting & Financial Reporting by Countries'. While the latter will likely remain at 'Moderate', the inherent risk of the former, depending on the duration and the extent of economic impact, may increase driving the residual risk of this component to 'High' in the next 6-12 months.

08 - National Program Governance & Grant Oversight		Risk owner: GMD	2020-Q2
Risk Description	Inadequate national program governance, Principal Recipient (PR) oversight of grants, and non-compliance with Global Fund requirements for the effective management of grants.		
Risk Impact	Poor national program governance and grant oversight results in under-performance of grant supported programs, poor value for money, fraud, reputation damage to the Global Fund and ultimately failure to achieve impact against the three diseases.		
Key Partners	Bilateral donors such as the US and France provide focused technical assistance to PRs on grant management.		
Key Countries	Bangladesh, Burkina Faso, Cameroon, Côte d'Ivoire, DRC, Ethiopia, Ghana, India, Indonesia, Kenya, Malawi, Mali, Mozambique, Myanmar, Nigeria, Pakistan, Rwanda, South Africa, Sudan, Tanzania, Uganda, Ukraine, Viet Nam, Zambia, Zimbabwe		
Main drivers resulting from disruption due to COVID-19			
• Timely communication and information exchange is an integral part of everyday grant management and program oversight, at CCM, PR, SR and across all levels of implementation. It allows GF implementers especially those in-charge of governance to monitor progress of grant activities and take corrective action as required. • The various COVID-19 restrictions have limited the ability to hold regular in-person supervisory visits and meetings between implementers, beneficiaries, multilateral and bilateral partners, technical assistance providers and other stakeholders • Poor IT infrastructure, internet connectivity and personal skills to manage technology has also created inequalities in access and attendance to online meetings and have led to various limitations to strong engaged stakeholder coordination and management • Further, the full effects of implementation disruptions and impact to beneficiaries cannot be easily measured or quantified through routine data systems and this poses an additional challenge for PR management to monitor to grants. • About one-third of funding requests slipped from their original scheduled TRP review window (and about 8% needed rescheduled more than once) • The access to funding (A2F) team notes that the eligibility requirements 1 & 2 (ER1 and ER1) have been reasonably fulfilled by all applicants as per approved guidance under COVID-19 approved flexibilities. The main challenges have been around getting signatures in the traditional way and CCM members are sending “alternative” ways to prove dialogue and inclusiveness: electronic messages, emails, social network messages, etc. This reflects the fact that many CCMs cannot personally meet.			
Impact on existing controls/ mitigations			
• Existing in-country level governance challenges have been exacerbated during this COVID-19 crisis and the capacity for PRs and national entities to provide strategic leadership to ensure key portfolio risks are efficiently and effectively mitigated has been affected.			

- The following mitigations were planned and will continue to be implemented to mitigate existing and emerging national program governance and grant oversight risks
 - Roll out of CCM Evolution to strengthen CCM core functions to enhance health governance – launching in September 2020 with an adapted approach for the COVID-19 context
 - New PR selection shall meet Global Fund minimum standards for internal controls and capacity.
 - Anticipated implementation arrangement risks flagged to Technical Review Panel for steer and Grant Approvals Committee for approval as appropriate
 - Implementation arrangement mapping conducted for all grants and grant making actions specifically to address implementation and capacity challenges prior to grant signing.
 - Grant implementation monitoring focusing on oversight and supervision done by CCMs and LFA.
 - Comprehensive assurance plans developed for all High Impact and Core portfolios highlighting agreed upon mitigating actions to address national program governance and grant oversight.
 - Updates to Operational Policy Notes and BCPs for differentiated risk management across the grant lifecycle processes as required;
 - Integrated Risk Management Module enhancements to ensure continuous analysis of PR oversight and management of risks and the identification and roll out of mitigating actions to improve overall implementer capacity.

Impact on planned mitigating actions

Several planned mitigating actions have been delayed or deprioritized:

- Development, testing and implementation of initiatives aimed at improving implementer capacity, internal controls, risk management and overall PR management processes for improved grant oversight has been delayed
- Development and roll out of front-line risk management approach (aligned to the roll out of CCM evolution) has been deprioritized

Residual Risk	Moderate	Risk Appetite	Moderate	Current direction of travel	Increasing 
----------------------	-----------------	----------------------	-----------------	------------------------------------	--

Change in Residual Risk Level

The risk level remains at 'Moderate' but has slightly increased due to COVID-19 disruptions. The elevated risk levels are attributed to increased national program governance risk (one of the 3 in-country governance risks that make up this ORR risk).

New Mitigating Actions / Controls to address COVID-19 disruption

Various actions are being taken to mitigate this risk and ensure that the new risk drivers will not have long term consequences to Global fund grants:

- Through the COVID-19 country monitoring tool (systemized survey tool administered by LFAs), the Secretariat will consistently monitor how the situation is unfolding across the portfolio in order to recognize when grant flexibilities and GF intervention is needed to try and mitigate downstream risk impact
- The Secretariat has developed several Business Contingency flexibilities for the Grant Life Cycle processes in response to the COVID-19 disruptions, and to lower the burden on in-country partners including e.g. on capacity assessments for new implementers, Funding Request development, grant-making etc. Processes are also in place for close follow-up to ensure compliance.
- An enhanced framework for assessment of in-country governance risks has been developed and approved by MEC, instead of the current 3 risks that make up this ORR risk, the new framework delineates 5 levels of in-country governance and allows for better analysis of the coordination, management and oversight issues in the broader health sector, the national disease programs, the CCM and PR/SR level implementation effectiveness relationships and risks.
- Encouragement to implementers to continue remote meetings and shifting planned trainings and cross-learning events to online format where appropriate

- Alternative approaches for providing assurance including higher reliance on use of partners or communities to provide assurance
- Grant flexibilities approved to enhance IT infrastructure for PRs and SRs
- Country Teams are maintaining regular communications with in-country stakeholders to assess the national COVID-19 responses and facilitate/ support PRs to develop contingency plans to ensure continuity of services and safeguard GF assets

Outlook for the next 6-12 months

High levels of coordination, management and oversight are required to ensure new grants are successfully designed and implementation of existing grants carries on at full scale in 2020. The current risk level is 'Moderate', and the direction of travel is increasing. It is anticipated that the risk level will remain 'Moderate' through the next 12 months.

09 - Quality of Health Products		Risk owner: GMD/SSC	2020-Q2
Risk Description	Patients exposed to health products of substandard quality; i.e. health products (purchased by Global Fund-supported programs) that are not safe, effective and/or of good quality.		
Risk Impact	Substandard quality resulting in poor health outcomes for patients, including death or morbidity; increased drug resistance; and reduced impact of Global Fund investments.		
Key Partners	Agencies of the US Government, World Bank, World Health Organization and GAVI have a minor to moderate ability to mitigate health product quality risk.		
Key Countries	Burkina Faso, Cameroon, Côte d'Ivoire, DRC, Ethiopia, Ghana, Guinea, India, Kenya, Malawi, Mozambique, Myanmar, Nigeria, Pakistan, Sudan, Tanzania, Uganda, Ukraine, Viet Nam, Zambia		
Main drivers resulting from disruption due to COVID-19			
- Global Fund standard QA requirements are tailored to the three diseases. For COVID-19 focused commodities, COVID-19 specific guidelines and processes have been developed to ensure application of quality standards to this new category of products. - COVID-19 has reduced workforce capacity and mobility of sampling and Quality Control service providers to conduct timely pre-shipment sampling and testing. It has also disrupted supply and freight and logistics generally, leading to delays which can be extended by QA testing. - Limited quantities of COVID-19 focused commodities (namely PPE) on the global market could encourage local procurement of commodities of non-assured quality.			
Impact on existing controls/ mitigations			
- Implementation of the Global Fund Quality Assurance policy is a key existing mitigation. As a result of COVID-19, the Board has approved certain flexibilities to the QA policy to mitigate risk of delays in delivery of key health products for programs. This flexibility allows the Secretariat to make risk-based decisions on a case to case basis to potentially waive some of the mandatory pre-shipment batch testing requirements. The Secretariat has established a mechanism to document and monitor such waivers. - To date, 12 waivers relevant to 10 countries have been granted for ERP-approved medicines for tuberculosis and for vector control products (LLIN and IRS). Waivers were approved in instances of critical programmatic need and limited out-of-specification concerns. In these cases, shipments were authorized ahead of receipt of testing results but are shared with implementers as soon as they become available. - The Secretariat has also extended a flexibility to expand the scope of products that can be procured with grant funds to include COVID-19 specific health products and Interim Quality Assurance Requirements for the Procurement of COVID-19 Diagnostic Products have been issued. - Procurement of program commodities through wambo.org/PPM (~59% of the HP spend) is a long-standing approach that increases assurance that products meet internationally recognized standards of quality. This platform has been leveraged to support procurement in the current context. - Country Teams reviewed planned activities, including grant-financed efforts to support national QA systems, considering COVID-19 disruptions. Many grants have adjusted their activities in response to disruptions, but several			

activities remain ongoing, such as strengthening storage and distribution to better ensure product quality in-country. - Investigations of non-compliance and management of out-of-Specification results will be prioritized to continue as normal amidst disruptions, leveraging the existing non-compliance database. Continued tracking of out-of-specifications rate will likewise help to identify potential changes in application of QA requirements. - Ongoing engagement with partners and other donors to ensure alignment of quality standards has been prioritized and deepened as part of the Global Fund response to COVID-19. When needed, coordination with partners, manufacturers, and stringent regulatory authorities to issue information notes on quality or safety issues related to products that have been procured with Global Fund funds will also continue.

Impact on planned mitigating actions

The longer-term mitigations below have been delayed or put on hold so that resources can be allocated to urgent response efforts: - Long-term efforts to continue strengthening the Expert Review Panel (ERP) and Strategic Initiative activities related to pre-qualification and regulatory support have been delayed; - Proactive management of lists of key health products for the 3 disease (diagnostics, pharmaceuticals) eligible for procurement with grant financing to update them based on new evidence remains ongoing but at a slower pace than normal. Provision of advice on procurement of other, non-urgent commodities may temporarily be put on hold depending on availability of resources. - Consultant being recruited to strengthen capacity of QA team and continue to undertake verification of procurement transactions of the PR to check eligibility of products procured against the QA Policy. - Efforts to further strengthen the Global Fund's QA approach by clarifying the Secretariat's quality assurance mandate continue, though they have progressed more slowly than planned given reduced capacity.
--

Residual Risk	Moderate-Low	Risk Appetite	Moderate	Current direction of travel	Increasing 
----------------------	---------------------	----------------------	-----------------	------------------------------------	--

Change in Residual Risk Level

Given the extent of disruptions, the current risk level has shifted to the high end of 'Moderate-Low'.
--

New Mitigating Actions / Controls to address COVID-19 disruption

As highlighted above, several current controls/mitigations have been adapted to address disruptions caused by COVID-19, namely: - Flexibility for the Secretariat to authorize QA pre-shipment test exceptions to QA Policy on a case-by-case basis in order to expedite receipt of critical commodities. The Health Product Risk Committee (HPRC) was established to review eligibility of waiver requests based on established criteria and consideration of potential risks/benefits. - Diagnostics: - Production capacity with major manufacturers of COVID-19 diagnostics has been secured to provide access to supply of quality assured products through the Accelerated Order Mechanism (AOM), a rapid process to quickly process and approve requests for COVID-19 diagnostics allocated to eligible countries by the World Health Organization. Procurement is carried out via wambo.org. - Interim Quality Assurance Requirements for the Procurement of COVID-19 Diagnostic Products has been developed relevant to new QA Requirements to be applied to procurement of COVID-19 diagnostics products with Global Fund resources. - Pharmaceuticals: - Engagement with UNICEF (as planned procurement lead) regarding Dexamethasone treatment rollout (pending WHO recommendation); UNICEF QA policy has been reviewed and accepted as sufficient. - Wambo.org order platform will be established to allow PRs to place requisitions once WHO recommendation is published. - PPE: - Global Fund has finalized agreements with partners to make PPE products available on wambo.org for all our

Principal Recipients. PPE products supplied are in compliance with the regulatory standards of the founding members of the Global Harmonization Task Force (namely, EU, USA, Canada, Australia, and Japan).

- Engagement with UNICEF as procurement lead for PPE. MOU with UNICEF that includes reference to adequate QA specifications has been operationalized.
- The Global Fund has finalized agreements with partners to make PPE products most critical to the COVID-19 response available on wambo.org for all PRs; they are strongly encouraged to start using this new procurement channel when using the Global Fund funds but can continue procuring PPE directly if specific criteria are documented. Resources have been allocated to expedite access of PRs not currently participating in PPM to wambo.org.

Outlook for the next 6-12 months

The scope of Global Fund interventions increased in response to COVID-19 and entirely new product categories (i.e. PPE, oxygen therapy, etc.) are introduced, however the Global Fund has more control over these upstream operations. And while the direction of travel is increasing, the risk level is expected to remain ‘Moderate-Low’.

10 - Human Rights & Gender Inequality		Risk owner: CRG	2020-Q2
Risk Description	Human rights and gender related barriers, including stigma and discrimination, limit access to health services for key and vulnerable populations.		
Risk Impact	Failure to address human rights and gender related barriers can result in failure to achieve impact through Global Fund investments, inasmuch as they hinder access to and retention in services for key and vulnerable populations.		
Key Partners	UN, Bilateral, Foundation and Civil Society partners provide advocacy support		
Key Countries	Adolescent Girls and Young Women: Lesotho, Tanzania, Mozambique, Swaziland, Uganda, Malawi, Botswana, Kenya, South Africa, Namibia, Cameroon, Zambia, Zimbabwe. Human Rights: DRC, Mozambique, Uganda, Botswana, Kenya, South Africa, Indonesia, Côte d'Ivoire, Honduras, Jamaica, Cameroon, Senegal, Benin, Nepal, Philippines, Kyrgyzstan, Tunisia, Sierra Leone, Ukraine, Ghana		
Main drivers resulting from disruption due to COVID-19			
- COVID-19 has resulted in increased human rights violations, including a spike in gender-based violence and in police violence against criminalized and marginalized populations, while disrupting the delivery of programs to reduce human rights and gender-related barriers to services and programs for key and vulnerable populations. Disruptions have also limited the engagement of communities in programs and Global Fund processes. Overall, efforts aimed at controlling COVID-19 have had a disproportionate negative impact on the most vulnerable in society, such as women, or those who are already marginalized, stigmatized or criminalized. - The Secretariat has released human rights guidance clarifying, among other things, that programs to reduce human rights- and gender-related barriers to services are as relevant, if not more relevant in the current context (such as access to justice programs and GBV programs), and how they can be adapted to the new needs and realities. Actively working with CCMs, partners, civil society and community networks, the Secretariat is proactively monitoring the implications and seeking to undertake necessary mitigating actions. Overall, the Secretariat has re-emphasized the need for a rights-based and gender-responsive approach. However, work has not yet been undertaken to articulate what gender-responsive program adjustments should look like, despite a documented disproportionate impact on women and girls from COVID-19. - Thus far, grant proposals from countries part of the BDB initiative reviewed by the TRP contain scaled up, better quality and more integrated programming to reduce human rights barriers, but at the same time countries report many implementation challenges and overall, COVID-19 is expected to negatively impact on the Secretariat’s ability to reach the KPI 9 targets. The Secretariat, working with partners, will seek to ensure that human rights and gender risks and actions are meaningfully incorporated into key initiatives, such as the catch-up plans that are currently being developed for HIV and TB. The near-term impact is expected to be ‘High’.			
Impact on existing controls/ mitigations			

Efforts have continued to focus on ensuring the success of the BDB initiative and on starting to mainstream lessons learned to other “big bet” portfolios. Greater priority than ever has been given to providing TA to (1) ensure safety and security of service users and providers; (2) ensure human rights programming can continue and responds also to COVID-19 related needs.					
Impact on planned mitigating actions					
The work undertaken to decrease the risk has not been deprioritized. Indeed, it was given the highest priority within the broader human rights work.					
Residual Risk	High	Risk Appetite	N/A	Current direction of travel	Increasing 
Change in Residual Risk Level					
The risk level was high before COVID-19 and the risk is increasing and anticipated to remain at that level.					
New Mitigating Actions / Controls to address COVID-19 disruption					
- More than ever, the Secretariat will emphasize the need to take a human rights-based and gender-responsive approach to fighting the three diseases and the need to expand that approach to COVID-19. Moving forward, the Secretariat will further focus its efforts to ensure that human rights and equity are indeed an integral and important part of the catch-up plans for HIV and for TB that are in development; and of other Secretariat efforts. - In addition, although the management response to the OIG advisory on human rights does not address COVID-19 specifically, implementation of several elements of the response is taking COVID-19 into account and will further strengthen the Secretariat’s human rights work.					
Outlook for the next 6-12 months					
The current risk level is ‘High’, and the direction of travel is increasing. It is anticipated that the risk level will remain ‘High’ through the next 12 months.					

11 - Transition		Risk owner: GMD	2020-Q2
Risk Description	Countries are unable to sustain and scale impact when they transition towards full domestic financing and program implementation of the national disease response.		
Risk Impact	Unsuccessful transition can result in, among other things, service disruption or lack of continuity of services (especially for key and vulnerable populations), inability to continue to scale service provision in line with global and national targets, a reduction in the quality of services provided (including access to quality assured and affordable health products and commodities), and limited ability of existing national civil society and community organizations to sustain programs and build capacity without external financing. As a result, the three diseases could remain public health threats in countries no longer eligible for Global Fund support or a continued epidemiological challenge could threaten the past gains of GF and national financing.		
Key Partners	Development banks, the World Health Organization, UNAIDS, civil society organizations, private foundations and others.		
Key Countries	Under the Sustainability, Transition and Co-Financing (STC) Policy, all Upper Middle-Income Countries (UMIC) and Lower Middle-Income Countries (LMIC) with "Not High" high disease burden are considered "Transition Preparedness" priorities. For 2020-2022, this is a cohort of approximately 66 disease components (including those receiving transition funding but not including COEs or components within multi-country grants). Of these 66 components, 23 components are projected to fully transition from Global Fund financing prior to or during the 2026-2028 allocation cycle, 6 components are receiving transition funding in 2020-2022, and 3 components are projected to move to high-income status in 2020-2022 and are therefore using the tailored transition application.		
Main drivers resulting from disruption due to COVID-19			
It is still too early to understand exactly how COVID-19 will affect the Global Fund’s overall efforts to support successful transitions, and implications are likely to vary significantly based on country context. In the short term, there may be operational challenges as countries grapple with lock-downs and national stakeholders increase focus on			

COVID-19 priorities; in the long term, COVID-19 may impact domestic financing for externally financed interventions and other aspects of the Global Fund's transition preparedness efforts. However, supporting countries to strengthen transition preparedness will remain a long-term strategic priority and key pillars of our transition efforts (including strengthening health systems, enhancing national planning, raising additional domestic financing and strengthening domestic uptake of key interventions, etc.) will continue. In addition, the STC Policy offers the appropriate flexibility, tools, and focus to support ongoing efforts despite the challenges of the COVID-19 context. In the short term, two critical focus areas will have a potential impact on services for Key and Vulnerable Populations (KVPs) and realization of specific co-financing priorities. Maintaining focus on strengthening sustainability of these services and continuing to advocate for realization of co-financing commitments (with appropriate flexibility, as needed) will be essential as part of the broader efforts to support countries to successfully transition from Global fund financing. The near-term impact is expected to be 'Moderate'.					
Impact on existing controls/ mitigations					
Most existing controls / mitigations related to the transition risk are embedded into Global Fund operations and processes and will continue despite COVID-19.					
Impact on planned mitigating actions					
Most planned mitigating actions are embedded into Global Fund operations and processes and will continue despite COVID-19. For example, key planned mitigations (i.e., development of transition grants, delivery of technical assistance via strategic initiatives for key transition priorities, etc.) will continue despite COVID-19, with some modifications to timelines and implementation arrangements, based on country context.					
Residual Risk	High	Risk Appetite	N/A	Current direction of travel	Increasing ↗
Change in Residual Risk Level					
The risk level was high irrespective of COVID-19 disruptions and remains at that level.					
New Mitigating Actions / Controls to address COVID-19 disruption					
As highlighted above, supporting countries to strengthen transition preparedness will remain a long-term strategic priority as a central piece of the implementation of the STC Policy. Many aspects of these efforts and mitigation measures included in the ORR – grant development and approval, national planning, technical assistance, implementation of transition grants, etc. – are embedded into Global Fund operations and processes and will continue. In addition, critical decisions related to transition (i.e, decisions on transition funding) will likely not take place in 2020, but rather later in the 2020-2022 allocation cycle. At present, no additional mitigations have been included, but the Secretariat is actively monitoring the impact of COVID-19 on existing mitigations, evolving efforts where necessary, and will continue to assess the potential impact on long term transition preparedness priorities as COVID-19 evolves.					
Outlook for the next 6-12 months					
The Global Fund continues to have limited ability to mitigate this risk and has since the introduction of this risk in the ORR. The current risk level is 'High', and the direction of travel is steady. It is anticipated that the risk level will remain 'High' through the next 12 months.					

14 - Future Funding		Risk owner: External Relations	2020-Q2
Risk Description	Failure to meet the Global Fund's financial target for the Sixth Replenishment, and following the Sixth Replenishment failure to convert pledges, due to loss of donor support and confidence, major reputational damage, or external factors outside of the Global Fund's control.		
Risk Impact	Inability to mobilize a robust pool of new funding for country allocations for the 2020-2022 allocation period to sustain Global Fund-supported programs		
Key Partners	N/A		
Key Countries	N/A		

Main drivers resulting from disruption due to COVID-19

- The current COVID-19 context may gradually shift the attention towards emerging issues—such as global health security, thereby reducing the profile of the Global Fund diseases and impacting funding
- COVID-19 has affected the economies of donor countries, which could potentially impinge on pledge conversion schedules
- Travel to donor countries, missions focused on resource mobilization and other advocacy events/political fora have been cancelled, postponed or in some cases turned virtual
- The impact of the pandemic on the global economy will impact domestic resource mobilization as governments will be unable to effectively invest in their own health systems

Impact on existing controls/ mitigations

The existing controls/mitigations defined in the Organizational Risk Register remain relevant and are operating as scheduled. However, controls and mitigations on pledge conversions have been tightened given the risks associated with the impact of COVID-19 on the economies of donor countries. Similarly, new measures have been introduced as part of the Division's business contingency plan to position the Global Fund in the current context—they include, for example, the Unite to Fight call to action and the messaging and resource mobilization efforts around the COVID-19 response mechanism approved by the Board. While formal work around the seventh replenishment is expected to kick off in 2021, ERCD is currently shaping key conversations on the future positioning of the Global Fund in a radically different environment and evolving global health architecture.

Impact on planned mitigating actions

Planned mitigating actions have progressed without much disruption. Maturing performance and accountability processes based on lessons learned from the sixth replenishment have progressed as planned. The Secretariat has been gradually repositioning the Global Fund to remain relevant in the current context and gradually setting the stage for the seventh replenishment, emphasizing the role of the partnership in the global health security and health system strengthening spaces.

Residual Risk	Moderate	Risk Appetite	N/A	Current direction of travel	Increasing ↗
----------------------	-----------------	----------------------	------------	------------------------------------	---------------------

Change in Residual Risk Level

The risk level was moderate in Q1-2020 and had a steady direction of travel. With immediate disruptions successfully mitigated and with most pre-replenishment work to begin in 2021, the risk level remains unchanged at 'Moderate.' Successful positioning of the organization in the current circumstances will determine if the level of risk remains stable.

New Mitigating Actions / Controls to address COVID-19 disruption

- The Global Fund has actively engaged in the Access to COVID-19 Tools Accelerator (ACT-A), particularly on the diagnostics pillar and health system connector, and the launch of the Unite to Fight call to action. Participation in this initiative provides the Global Fund with an opportunity to position itself as a key actor in the COVID-19 response and in the global health landscape, and to mobilize additional resources.
- The external relations function has increased its interactions with donors and advocates to ensure the Global Fund's effective positioning in the new context and to ensure that the COVID-19 pandemic does not affect financial commitments. Additional monitoring work has facilitated the assessment of the potential impact of global macroeconomic downturns and exchange rate fluctuations on pledge conversions.
- New partnerships have emerged in the context of the pandemic, creating new opportunities for collaboration, resource mobilization and advocacy. Additional funding has been mobilized for the fight against COVID-19. In this regard, new financial and in-kind contributions from the private sector have been recorded since the emergence of the pandemic, including new initiatives directly linked to supporting the COVID-19 response, and additional resources from public donors have also been pledged. Overall, the focus of the team has been maintaining and nurturing current partnerships.

- The Secretariat had to devise new ways of working with civil society groups and communities, including increasing financial support to the Global Fund advocacy networks, providing connectivity tools to maintain the right levels of communications across partners, and devising the right messaging to maintain key stakeholders informed on international action to fight COVID-19.

Outlook for the next 6-12 months

While most disruptions that were due to COVID-19 were successfully mitigated, uncertainty continues in the following areas:

- Global positioning of the organization, donor fatigue, pressure on budgets in major donor countries and interplay with other relevant actors could potentially impact replenishment results and efforts to mitigate the impact of COVID-19 on the three diseases.
- While additional monitoring work has been enabled to assess the potential impact of global macroeconomic downturns and exchange rate fluctuations, pledge conversion might become an issue, including for private sector, for which uncertainty in the timing of payments remains a concern.
- The devastating impact of COVID-19 on the three diseases in challenging contexts, particularly in Africa, Latin America and Asia, will significantly increase the demands for greater engagement and financial support in these key markets. This, in turn, will drive a redefinition of the strategy with which the Global Fund approaches domestic health financing.

The current risk level is 'Moderate', and the direction of travel is increasing. It is anticipated that the risk level will remain 'Moderate' through the next 12 months.

17 - Risk Management & Internal Controls		Risk owner: Risk	2020-Q2
Risk Description	Weaknesses in identification of key risks, corresponding controls, assessment of impact, and prioritization and monitoring of controls and mitigating actions for both grant-facing and internal risks.		
Risk Impact	Divergent understanding of risks leading to ambiguity in accepting or managing risks, and inconsistency of responses across the first and second lines of defense. Inadequate risk management and internal control gaps resulting in the Global Fund not meeting its objectives.		
Key Partners	N/A		
Key Countries	N/A		
Main drivers resulting from disruption due to COVID-19			
• The most important driver is the rapid change of the external and internal operating environment resulting in the need to continually evolve risk management tools and processes and simultaneously adapt second line oversight over changing operations and new Secretariat activities introduced in response to COVID-19. • Further, second line oversight depends on cooperation with the first line of defense and is affected by counterpart capacity in a situation when most teams are dealing with need to adapt their priorities (and processes in some cases) at a reduced capacity. In-country disruptions, especially travel restrictions, are also contributing to delays or inability to undertake planned assurance activities. • The disruptions resulted in de-prioritization of certain risk management activities to free capacity to design and implement activities for second line assurance over modified or new Secretariat activities.			
Impact on existing controls/ mitigations			
• As part of the Business Contingency Plans (BCP), certain ongoing activities to strengthen risk management across grant life cycle were reprioritized. BCPs on assurance activities, review of Funding Requests and grants being signed, and Annual Funding Decisions were prioritized, the country portfolio discussions at the Portfolio Performance Committee or development of detailed Country Risk Management Memoranda and monitoring status of implementation of Key Mitigating Actions were put on hold through Q2 2020. • Adjustments were made to the plan for Key Business Process Reviews and to monitoring and reporting organizational risks (Organizational Risk Register) with no major impact.			

Impact on planned mitigating actions					
Delays are noted in the execution of planned key mitigating actions to address key country portfolio risks, Secretariat led review of the effectiveness of internal controls and assurance arrangements with iNGOs, or 2nd line oversight function as part of overall efforts to strengthen risk management. While delays are experienced, most planned mitigation actions are still progressing and there are no major shifts in deadlines.					
Residual Risk	Moderate	Risk Appetite	N/A	Current direction of travel	Increasing 
Change in Residual Risk Level					
- As the disruption increased, the Secretariat capitalized on previous efforts to mature risk management processes and particularly to develop risk culture. This ensured continued use of appropriate risk management tools and disciplined application of risk management to flexibilities and other decisions taken to respond to the crisis. - The Secretariat, through the BCPs and various flexibilities, ensured continuity of key operations and the support systems. However, due to in-country disruptions the risks to the ability of the Global Fund to deliver on HIV, TB and malaria priorities and targets have significantly increased. While the Secretariat is willing to undertake higher level of risks to support program delivery, the mitigation measures in current environment are few. - BCP monitoring as of end July 2020 across the various Secretariat operations suggests 61% of processes report moderate to higher level of disruptions (76% for core operations and 43% for support processes). Nearly 50% of the processes foresee risk that level of disruption may increase, especially for grant facing risks and Supply Operations. - Limited visibility of in-country risks and the impact of COVID-19 disruptions along the different levels of health system at the country level limits ability to undertake effective risk management. This is being addressed through in-country surveys and other initiatives aimed at providing information with minimal time lag and adequate frequency to enable agile decision making.					
New Mitigating Actions / Controls to address COVID-19 disruption					
- The Secretariat developed Business Contingency Plans for 52 Global Fund processes. BCPs allow an informed and graded risk-based response to the various scenarios of disruptions, with defined flexibilities across processes including delivery of grants and standards of assurance across various defined scenarios of disruptions. - The Secretariat developed and rolled out the COVID-19 Country Monitoring Survey to allow timely assessment of in-country disruption levels as a result of the pandemic. The survey is based on in-country stakeholder views collected by the Local Fund Agent every two weeks. The survey findings provide timely insight into disruptions across the Global Fund portfolio and are used to enable and inform the Secretariat actions. - Guidance is issued to the Country Teams on possible operational flexibilities for grant management processes. Flexibilities can be requested based on level of disruption at the country level and are considered and approved through a well-defined process. The Risk Department is actively involved in approval of flexibilities ensuring adequate consideration of trade-off between benefits of flexibilities to allow timely reaction and continuity of operations and possible increased risks. - Process is developed for review and approval of additional funding through the COVID-19 Response Mechanism(C19RM). The award is considered at appropriate management level by the Investment Approval Committee (chaired by the Chief Risk Officer) and the approval process includes articulation of any risk acceptance decisions. - The Secretariat is in the process of finalizing BCP monitoring approach for prioritized processes and end-to-end C19RM to ensure effectiveness and efficiency along the process chain. - The Secretariat is considering adjustments to risk management tools and processes to be applied at the moment it is deemed appropriate to shift from crisis response to the new business as usual.					
Outlook for the next 6-12 months					
The Global Fund partnership is operating in a new environment. Therefore, whilst the Secretariat has an effective and					

comprehensive risk management framework in place, changes are required to risk management tools and approaches. The direction of travel is increasing. However, we expect the risk level to remain at moderate for the next 6 to 12 months.

19 - Governance & Oversight		Risk owner: LEGAL AND OVERNANCE		2020-Q2	
Risk Description	Failure to adequately prioritize strategic issues, address identified challenges in governance culture and practices, and guide the Global Fund to remain relevant and successful in a changing global landscape.				
Risk Impact	Weaknesses in governance and oversight can affect governance effectiveness, the ability of the Board to provide clear direction and take informed and strategic decisions and impede optimal governance efficiency.				
Key Partners	N/A				
Key Countries	N/A				
Main drivers resulting from disruption due to COVID-19					
- Capacity restrictions: Reduced capacity of governance officials, constituencies, and Secretariat. Capacity restrictions may impact on engagement and effective fulfilment of governance oversight responsibilities. Reduced capacity comes in an already-critical year with strategy development and preparing next cycle of grants. - Adapting to respond to COVID-19: The crisis requires additional governance activity in the context of urgent decisions, and strategic guidance and oversight, in support of business continuity, safeguarding the mission and supporting the global COVID-19 response. - Impact on delivering key governance activities: related to (1) Board and Committee routine oversight, and (2) routine and exceptional decisions. Key risk areas include limitations to the effectiveness of governance oversight in the absence of in-person meetings; limitations to constituencies’ representation and capacity to engage; risks associated with Board comfort in relation to non-standard governance processes (such as expedited decision-making, or virtual consultation modalities on the next Strategy). - Efficiency and trust: Limitations of virtual environment impact interpersonal exchange and affect efficiency as well as trust. Limitations may result from (1) potential inequality in access to online meetings, due to IT infrastructure or time zone limitations; and (2) reduced opportunity for informal exchange of opinions, information and negotiations. - Leadership and membership continuity: The selection of new Board/Committee members/leaders may be impacted in the medium term due to non-availability of suitable candidates due to engagement in the response to COVID-19 at national and/or international level. Similarly, the context may result in above-average membership turnover.					
Impact on existing controls/ mitigations					
- Overall, Board and Committee Operating Procedures are sufficiently flexible to enable online ways of working for governance continuity and define procedures by which key leadership roles would be filled in the event of a vacancy. Existing controls/ mitigations embedded in the Operating Procedures have therefore not been affected by the crisis. - Flexibilities and contingency approaches for the continuity of governance operations, engagement of constituencies, facilitation of electronic, expedited and urgent decision-making processes, and leadership continuity have been developed. - The approaches to Committee and Board meetings aim to ensure continuity of oversight of core issues under Committee and Board oversight, through verbal exchanges or at a minimum in writing.					
Impact on planned mitigating actions					
Adjustments made to the Governance Action Plan. Some planned mitigations will be delayed such as review of Board composition and review of governance term lengths. The focus will be on: ongoing attention to elevating Board discussions and leveraging role of committees; Roles and Responsibilities; and Trust/Culture.					
Residual Risk	Moderate	Risk Appetite	N/A	Current direction of travel	Increasing ↗
Change in Residual Risk Level					

The risk level remains at 'Moderate' but has slightly increased due to COVID-19 disruptions.

New Mitigating Actions / Controls to address COVID-19 disruption

- Overall, the immediate disruption was successfully mitigated, and most new risk drivers will have effect only in the mid to long term.
- Enabling engagement: Particular attention will need to be paid to enabling effective constituency engagement in the virtual environment, recognizing the need to (1) enable effective engagement in substantive discussions and expedited decision-making, and (2) be mindful of constituencies' own potentially-reduced capacity. Implementer constituencies can draw on Constituency Funding to ensure their constituency can fully engage in a virtual setting.
- Ensuring strategic focus and effective governance processes. Additional efforts in different relevant governance areas and activities include:
 - Work plans, meetings and information-sharing: collaboration with the CG to renew focus on prioritized committee and Board agendas and work plans; increased virtual engagement and regular calls; effective documentation and guidance; renewed focus on constituency statements and written exchange.
 - Operations: secure and reliable IT solutions for virtual meetings, document management and discussion sites.
 - Building processes for formal and informal constituency engagement, particularly regarding key priorities (i.e., Strategy Development).
- The approach to ensure effective virtual governance with sufficient engagement continues to evolve, including through conversations with the EGC and CG.
- Focus on governance strengthening initiatives: Increased risk to be mitigated by work in progress as part of the Governance Action Plan. For example, increased emphasis on simplified roles and responsibilities, and delivery of Enhancing Trust workstream actions via online format.
- Contingency planning was conducted for key strategic deliverables, including the development of the next Strategy and delivery of the Partnership Forums, and the selection of the next Inspector General. Planning for these processes includes contingency planning to adjust to the virtual working environment and associated risks.
- Leadership continuity: EGC conducted a risk-based review of leadership continuity considerations leading to Board adoption of exceptional Board Leadership term extension.

Outlook for the next 6-12 months

The current risk level is 'Moderate', and the direction of travel is increasing. With implementation of new/ modified mitigation measures it is anticipated that the risk level will remain 'Moderate' through the next 12 months.

21 - Workforce Capacity, Efficiency & Wellbeing		Risk owner: HR		2020-Q2	
Risk Description	Lack of work planning and resource prioritization, over commitment at Division / Department level, inefficient business processes and in some cases supervisory weakness, create conflicting priorities, workload pressures and have a negative impact on staff health and wellbeing.				
Risk Impact	Unable to deliver on organizational objectives as a consequence of inadequate work planning, inadequate prioritization, process inefficiency, and poor staff management. This results in some employees being overstretched, which has a negative impact on the ability of the organization to deliver on its objectives and, in some cases, a negative impact on personal well-being and the well-being of team members, who are required to take on additional work.				
Key Partners	N/A				
Key Countries	N/A				
Main drivers resulting from disruption due to COVID-19					
• The most important driver is the change in travel restrictions, which created disruption in recruitment together with increased surge recruitment, but also the relocation challenges required. In addition, due to extended period of working remotely and in some cases outside the Geneva area, there was a need to investigate regulatory (legal/tax) implications. • Further, there were some delays in long-term activities planned to decrease this risk mostly due to reduced capacity of Secretariat counterparts, as other teams were engaged in crisis response and took on additional activities. • Finally, there is an increased risk of staff burnout and productivity loss due to COVID-19 impact on employees or their family members; employees not taking time to rest, shift to home working including need to balance family needs at times when no childcare was available; lack of daily face-to-face interaction with colleagues and blurring between home and work - all combined with increased workload due to grant making year and additional activities introduced in response to the COVID-19 pandemic.					
Impact on existing controls/ mitigations					
As most mitigation activities are already embedded in business-as-usual processes they were only moderately impacted by the crisis and effort was made to compensate this with crisis response measures. A lot of activities shifted online, such as virtual hiring and onboarding of employees, learning and development workshops shifted to online format and the attendance slightly dropped due to overall Secretariat workload.					
Impact on planned mitigating actions					
While no processes were de-prioritized and alternatives have been deployed as required, a couple of projects were deprioritized, such as, Workforce planning, and Organizational culture.					
Residual Risk	Moderate	Risk Appetite	N/A	Current direction of travel	Increasing ↗
Change in Residual Risk Level					
The risk level was moderate in Q1-2020 and had a steady direction of travel, however, with new drivers caused by COVID-19 crisis and a very high level of disruption to Secretariat processes, this risk now has an upward direction of travel.					
New Mitigating Actions / Controls to address COVID-19 disruption					
To address the disruptions an array of crisis response measures has been deployed: • Whilst there had been a moderate slowdown in recruitment, still a comparatively high number of vacancies has been filled to address the need for surge capacity in this grant making year. • A Business Contingency Plan was developed for the Human Resources function which includes risk-based plans for de-prioritization of activities in key processes based on possible levels of disruption. This ensures key activities in the HR processes (e.g. recruitment, payroll, employee relations, performance and development) will take place and support the organization even in crisis. • A range of activities was introduced or scaled up since the beginning of the crisis to ensure swift reaction and					

adaptation to the new circumstances while ensuring regular, transparent and constructive communication at all levels of the organization:

- A dedicated governance structure was set up to manage the crisis, including a Situation Response Team (SRT) that has met daily throughout the crisis to allow rapid decision making in alignment with the Global Health Campus (GHC) Partners. The SRT also set up dedicated cross functional working groups responsible for promptly crafting and operationalizing COVID-19 related policy changes, across core Global Fund operations and critical enabling functions.
- Along with the GHC Partners, the Secretariat liaised with relevant Swiss authorities and adapted its response to the Swiss government guidance and regulations (e.g. mandatory working from home, travel cancellation). The office opened since early June and a controlled and gradual return to the workplace is in progress following a Return to Work strategy. As of August, the office is open with 45% capacity with mandated social distancing and hygiene measures in place.
- Regular two-way communication is in place: regular (and well-attended) Townhalls were held throughout the crisis and managers are encouraged to proactively reach out to their teams to compensate for lack of interaction at workplace. Similarly, employees have been regularly responding to a quick pulse survey on their capacity, ability to cope with the disruption and their expectations from management.
- Activities to support wellbeing such as increased Staff Counsellor hours and panel discussions for mental health support were introduced.
- Annual leave is being proactively managed through an extension of the annual leave period until January 2021 for employees to consume their 2020 leave balance and employees also have the option of leave encashment of up to a maximum of 7.5 days in November 2020.
- Work is in progress to identify and address legal and tax implications for employees working from other countries. As well as assess risks for pension funds, social security, contributions when onboarding people outside of Switzerland.

Outlook for the next 6-12 months

The current risk level is 'Moderate', and the direction of travel is increasing. While many new mitigating actions have been implemented to address the new drivers caused by COVID-19 crisis, the risk level is anticipated to be at the top end of 'Moderate' and may increase to 'High' in the next 6-12 months due to increased need for corporate planning in a volatile environment.

The desired effect of investment in building manager and employee capability may be delayed due to increased workload and changes in the teams (surge capacity). Similarly, HR will need to balance increasing complexity of international recruitment (due to travel restrictions) with equally urgent need to secure surge resources. Work is ongoing to map and address regulatory and management implications of remote working which is likely to be more prevalent than in the pre-crisis period. Finally, there is still an increased organizational risk from staff burn-out and productivity loss due to the COVID-19 impact and tensions between managing workload, increased work and home demands, along with family and health constraints. This is being closely monitored and managers and staff are supported to actively address work-life balance as the situation moves from crisis to what will be the new operating environment in the longer term.

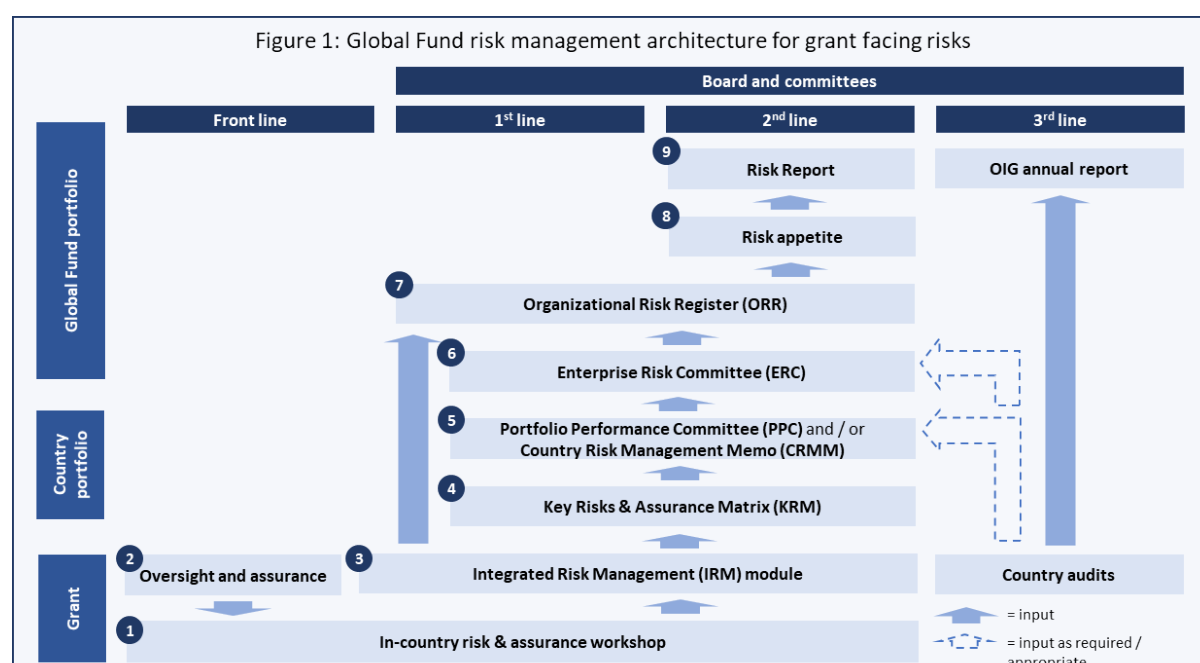
Annex 2: Guide to risk management

The Global Fund employs a 'three-lines of defense' risk management model.

- The 1st line, which is made up of business functions such as Grant Management, owns and manages risks on a day to day basis.
- The 2nd line, which is made up of monitoring and control functions such as the Risk Department, defines the risk management framework and provides oversight and guidance.
- The 3rd line, e.g. OIG, provides independent audit and assurance for of the 1st and 2nd line.

At an organizational level the Global Fund is currently managing 22 risks, which are divided into three categories: external grant-facing risks (11), external non-grant-facing risks (2), and corporate risks (9). (See annex A for a list of the 22 organizational risks.) This guide focuses on external grant-facing risks.

In addition to the three lines of defense, in-country actors also play a critical role in managing the 11 grant-facing risks. Implementers, in-country partners, Country Coordinating Mechanisms (CCMs), Local Fund Agents (LFAs) and other actors manage risks on the ground and provide assurance that risk mitigations are in place or being implemented. Figure 1 illustrates the overarching architecture for managing the 11 external grant-facing risks



- 1. In-country risk & assurance workshop:** are run in country, involving implementers, CCMs and Country Teams. They are used to identify risks to grants and to agree on mitigating actions and assurance activities. The risks, mitigating actions and assurance activities identified through these workshops feed into the Integrated Risk Management module.
- 2. Assurance activities:** enable the Global Fund to assure the extent to which risk mitigations are being implemented and having the intended impact. Local Fund Agents (LFAs) are key assurance providers. CCMs and partners can also provide assurance.
- 3. Integrated Risk Management (IRM) module:** is an online platform that is fully integrated into the Global Fund's Grant Operating System (GOS). GOS is the system used by Country Teams to manage grants across the grant life cycle. The IRM is used by Country Teams to manage risks within their country portfolio. Risks are assessed and rated in the IRM at a grant level. These individual grant risk ratings are then aggregated to generate an organizational risk rating for key

cross-cutting risks¹, i.e. the 8 organizational grant-facing risks captured and tracked in the Organizational Risk Register. Risk ratings captured in the IRM also feed into decision-making documents, e.g. the Country Risk Management Memorandum.

4. **Key Risk & Assurance Matrix (KRM):** contains a summary of key country portfolio risks, mitigating actions and assurance activities. A KRM is one of the key inputs into the Country Risk Management Memorandums (CRMM) and enables senior management to focus their attention on the key risks that could prevent program or grant objectives from being achieved. The KRM is automatically generated through the IRM.
5. **i) Country Risk Management Memorandums (CRMMs):** are an input into Country Portfolio Reviews (CPR) and are used to ensure senior management has visibility of grant risks, mitigations and trade-offs; to secure senior management acceptance of risks; and to provide approval of country risk management strategies. A CRMM is generated each year for all High Impact and Core portfolios. If a country portfolio is undergoing a CPR, the CRMM will be included in the CPR presentation materials, otherwise it is reviewed and approved by the Head of Grant Management and the Chief Risk Officer.

ii) Portfolio Performance Committee (PPC): conducts CPRs of High Impact and Core portfolios. CPRs are one of the principal mechanisms through which the Secretariat's senior management collectively reviews progress in individual country portfolios and risks to achieving impact. CPRs play a critical role in enabling the Secretariat to balance fiduciary risk and programmatic impact. The PPC ensures there is an appropriate balance of controls and can take risk trade-off decisions, in line with Board approved risk appetite, including accepting increased risk in order to drive greater programmatic impact.
6. **Enterprise Risk Committee (ERC):** the ERC reviews progress and provides input on managing the organizational risk profile and mitigating key organizational risks. The key way in which the ERC fulfils this mandate is through 'deep dives' on specific risks. The ERC conducts deep dives on different organizational risks, taking into account residual risk levels, risk trajectories, emerging issues, and in response to points raised by the Board, committees, the MEC, the Office of the Inspector General (OIG) and / or other stakeholders.
7. **Organizational Risk Register (ORR):** catalogues the Global Fund's key organizational risks and the various controls and mitigations in place and planned to maintain or reduce the risk level. Each organizational risk catalogued and tracked through the ORR is owned by the 1st line and overseen by the 2nd line.
 - A. Information included in the ORR includes:
 - Residual risk level = the remaining risk level assuming current controls and mitigations are working as expected.
 - Direction of travel = the expected trajectory of the risk level over the medium term based on currently available information.

The ORR is updated on a quarterly basis and submitted to MEC for review. The most recent ORR update is also included in the Risk Report and the Chief Risk Officer's Annual Opinion.

8. **Risk appetite:** Risk appetite is the amount of risk, at a broad level, that an organization is willing to accept in pursuit of its strategic objectives. It provides a framework to assist management in making trade-off decisions around key organization wide risks, including programmatic and financial risks. The Board set risk appetite for 8 grant-facing risks in line with the current risk level. This reflected the decisions that the Global Fund had been making by accepting these risks in order to deliver on the mission.

¹ Individual grant risk ratings are aggregated to generate an organizational risk rating for 8 of the 11 external grant-facing risks. These are the same 8 risks for which risk appetite has been set. For the Transition, Human Rights & Gender Inequality, and Drug & Insecticide Resistance risks, the organizational risk level is rated based on discussions between the risk owner and the Chief Risk Officer.