



**Audit Report**

**Global Fund Audit of the Global Fund  
Challenging Operating Environment  
Policy implementation -**

# **Burkina Faso case**

GF-OIG-23-013  
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Geneva, Switzerland

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# 1. Executive Summary

## 1.1 Opinion

The OIG annual audit plan for 2022 included an audit of the Global Fund grants in Burkina Faso. The OIG was unable to carry out the audit due to two consecutive coups d'état in 2022. Burkina Faso faces security challenges in eight out of 13 regions that impact 41% of its health facilities in these regions, which are closed, ransacked, or functioning at minimum. This affects the ability of in-country implementers and the Global Fund's assurance providers to move within the country. Given the constraints caused by insecurity, the audit team was unable to travel to Burkina Faso and the audit's overall objectives were modified to evaluate the design and effectiveness of the Global Fund's Challenging Operating Environment (COE) policy for increasingly insecure contexts. More specifically, the audit assessed the process of declaring Burkina Faso a COE in March and evaluated how this affected the management of its portfolio and the COE policy's adequacy in regulating management of portfolios characterized by elevated insecurity and volatile contexts.

In its evaluation, the audit also considered whether to include in its assessment other countries declared as COE or characterized by similarly volatile contexts.

In April 2016, the Global Fund Board approved the COE policy to improve effectiveness of activities in insecure and volatile contexts based on principles of flexibility, partnerships, and innovation, noting historically weaker performance in these countries. In 2017, the Global Fund Secretariat issued an Operational Policy Note (OPN) to provide guidance for Country Teams to manage COE portfolios according to the Board-approved COE policy.

Although the Secretariat has made several changes to the tools and methodology over time, the OPN has not been updated to reflect current practices and emergency contexts. For instance, the decision-making processes and authority to not classify countries as COE is unclear and requires updating to be effective. Key documents that should guide Country Teams in managing a COE portfolio are no longer used and have been replaced by a different mechanism. However, this mechanism does not include several significant components of portfolio analysis and operation strategy that support the effective and timely management of a rapidly changing context, as well as ensure consistent senior-level endorsement. A review of the COE OPN, initiated by the Secretariat in 2022 prior to the audit, has not yet been completed. The COE OPN's adequacy in regulating management of COE portfolios is **partially effective**.

In April 2021, the External Risk Index (ERI) for Burkina Faso was adjusted from High to Very High due to the evolving security situation. However, a management decision was taken not to classify it as COE, despite meeting the OPN's criteria for doing so. The criteria for decision-making processes and the authority not to classify a Very High ERI country as COE is unclear and requires updating to be effective. The Secretariat classified Burkina Faso as a COE in March 2022 in response to the sharp rise in physical and political insecurity in the country. The COE classification was communicated to the country in November 2022, together with the flexibilities granted. The Secretariat took several actions to enhance and update the management of the portfolio both before and after the classification as COE. The process of declaring Burkina Faso COE in 2022 and its effect on the management of its portfolio is therefore rated **partially effective**.

## 1.2 Key Achievements and Good Practice

### **Recent evaluation of the COE Policy highlighted an ongoing effort to update the COE Operational Policy Note to improve its implementation in affected portfolios**

The TERG<sup>1</sup> evaluated the COE policy in August 2022 to ensure the necessary adjustments were made for the next round of grants in GC7 and to support the implementation of the new strategy (2023-2028). The evaluation found the policy to be necessary, appreciated, and utilized. The COE policy was approved by the Board<sup>2</sup> in 2016, coming into effect in 2017 with the Operational Policy Note (OPN). At the time of the audit, the Secretariat planned to update it according to current tools and practices.

Following the TERG's recommendations, workshops are planned for Country Coordinating Mechanisms (CCMs), Principal Recipients and in-country partners to explain and differentiate the COE policy from the Additional Safeguard Policy (ASP).<sup>3</sup>

### **Recent actions taken to improve implementation and improve access to areas affected by insecurity and ensure program continuity**

The process of classifying Burkina Faso as a COE in 2022 and the ensuing actions demonstrate strong collaboration between the Country Team, Risk Team, and COE Support Team. After classification, technical assistance was provided to develop an Integrated Contingency Plan (ICP), funded by the Global Fund and WHO, consolidating a comprehensive emergency response proposition into one functional plan to help implementing organizations address difficult country contexts. A comprehensive draft was prepared in an inclusive process with all partners, initiated by the Ministry of Health. The ICP includes new implementation schemes, notably new partnership models with humanitarian agencies and local institutions. It also features a new methodology to address insecurity and socio-environmental challenges, as well as adaptability and flexibility for grant implementation. This methodology has enabled the adaptation of the operational strategy contained in the ICP, to maximize the impact of the Global Fund's activities in Burkina Faso.

A Country Portfolio Review (CPR) was completed in March 2022. It offers the continuation of previously granted flexibilities, and new flexibilities, for a differentiated assurance approach for Local Fund Agent verification in areas with security risks and innovative approaches to deliver specific services (e.g., air transport to deliver health commodities). The Country Team proposed further flexibilities in November 2022 to the Portfolio Performance Committee (PPC), which is in the process of being implemented.

## 1.3 Key Issues and Risks

### **Better alignment with current practices and tools is needed to ensure a consistent implementation of the policy across the Global Fund's COE portfolios**

The Secretariat's actions to implement the policy do not comply with the 2017 COE OPN. The OPN Sections 9 and 10 regulate COE classification:

*"The ERI categorization drives the classification of a portfolio under COEs. The list is based on the countries under the "very high risk" category of the ERI. Depending on emerging needs, ad-hoc adjustments can be made to the COE portfolios list, in line with the ERI updates and other contextual factors during the allocation period.*

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<sup>1</sup> The TERG is the Technical Evaluation Reference Group. It operates as an independent evaluation advisory group, accountable to the Global Fund Board through its Strategy Committee for ensuring independent evaluation of the Global Fund business model, investments, and impact.

<sup>2</sup> GF/B35/03 - [The Global Fund's Challenging Operating Environment Policy](#)

<sup>3</sup> ASP can be invoked whenever existing assurance systems are at risk and allows The Global Fund to select the implementer(s) or can complement existing mitigation measures – [Additional Safeguard Policy](#)

*For instance, countries facing an emergency situation can also be classified as a COE.” “The list of country portfolio classified as COE is determined for every allocation period and reviewed annually with the possibility to add countries based on updates to the ERI and emergency status by the Executive Grant Management Committee (EGMC).”*

Therefore, according to the OPN, EGMC has the possibility of adding countries to the list. However, in practice EGMC also approved not to classify countries under the “very high risk” category, like Burkina Faso, despite this not being provided for in the OPN.

The ERI evaluation process indicated in the OPN is outdated. The OPN states that 10 indices are assessed to determine the risk level of a portfolio when in practice only nine are used. A formal update of the ERI evaluation process and the OPN could allow the identification of other valuable indexes.

No portfolio analysis was conducted for Burkina Faso as required by the “*Guidance on Portfolio Analysis and Operational Strategy (PAOS) in COE portfolios*,” a sub-section of the COE OPN. The Country Team and Risk Team produced a Country Portfolio Review (CPR) as the main supporting documentation for COE approval. But some critical information is missing from the CPR compared to the PAOS, such as a list of traditional and non-traditional partners to be used (this was later developed as part of the Integrated Contingency Plan – ICP although not yet finalized), an evaluation of unachievable activities and a list of flexibilities proposed to address limitations that programs may encounter. Incomplete analysis at the initial stage of COE declaration could compromise effective implementation of contingency measures, causing programs not to achieve their intended results.

**Need to clarify elements that determine the non-classification of Very-High Risk portfolio COE countries to avoid inconsistent application and disputable declaration processes that lead to inadequate or delayed program adaptation to the country context**

Given Burkina Faso’s unstable government, poor access to health services and high level of insecurity, the country should have been classified as a COE in 2020. Burkina Faso was rated as “Very High” on the External Risk Index in 2020 and 2021, which should have triggered COE classification. At that time, the Secretariat did not classify it as COE at because most of the country was not impacted by the deteriorating security situation, given that non-state armed groups were only present in the Northern and Eastern regions. As such, most of the country was not impacted by the deteriorating security situation. The OIG identified other portfolios where the ERI was not the determinant factor in COE classification. Little to no evidence was provided of what influenced the decision-making and/or the trade-offs in the decisions taken to implement COE, meaning that the process is highly dependent on undocumented management judgment.

**Three key principles of the COE policy – flexibility, innovation, and partnership – were only partially applied in Burkina Faso**

The Secretariat’s policies and procedures lack effective and timely measures for Country Teams to adapt and respond to emergency situations in COE countries. Contingency Planning, providing necessary agility in addressing the changing and evolving environment is not addressed in the COE OPN.

In Burkina Faso the Secretariat decided to introduce an Integrated Contingency Plan (ICP), which was on hold at the time of the audit, eight months after its COE classification. This is because a detailed budget, for the ICP to evaluate the operational cost and the programmatic implementation of contingency measures in Burkina Faso, was not finalized by implementers. Timely preparation and execution of contingency planning, if provided for in the COE OPN, could have increased opportunities to timely benefit from COE flexibilities, innovative approaches, and new partnerships.

## 1.4 Objectives, Ratings and Scope

The audit of Global Fund grants in Burkina Faso was part of the OIG 2022 work plan, approved by the Audit and Finance Committee on 8th October 2021.

Given the constraints caused by insecurity, and the unmanageable risks for the audit team to travel to Burkina Faso, the overall objectives of the audit were modified to evaluate the design and effectiveness of The Global Fund's Challenging Operating Environment (COE) policy, as applied in Burkina Faso. More specifically the audit assessed:

| Objective   | Rating                     | Scope  |
|---|----------------------------|--|
| The COE policy's adequacy in regulating the management of portfolios characterized by elevated insecurity and volatile contexts such as that in Burkina Faso. | <b>Partially effective</b> | <b>Audit period</b><br>January 2020 to October 2022<br><br><b>Scope limitation</b><br>Due to the country insecurity context, the OIG did not travel to the country to perform in-country fieldwork. Remote audit techniques were used to gain the relevant information for this COE audit. |
| The process of declaring Burkina Faso a COE in March and evaluating how this affected the management of its portfolio.  | <b>Partially effective</b> | The audit did not perform a comprehensive review of the COE policy, and limited its review and observations to the policy as it was applied in Burkina Faso, due to a recent evaluation of the policy and its implementation by the TERG.  |

The OIG team interviewed relevant stakeholders including Secretariat staff and in-country partners. The OIG also performed audit fieldwork remotely, which included a review of relevant policies and procedures, contingency plans, and other relevant information.

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

## 2. Background and Context

The OIG annual audit plan for 2022 included an audit of the Global Fund grants in Burkina Faso. This High Impact African portfolio comprises the following four active grants, of which three are implemented by a governmental entity and one is implemented by a non-governmental entity:

| Grant Number | Principal Recipient   | Grant Period         | Grant Signed Amount (Euro) | Disbursed Amount (Euro) |
|--------------|---|----------------------|----------------------------|-------------------------|
| BFA-M-PADS   | Programme d'Appui au Développement Sanitaire (PADS)   | 1 Jan 21 – 31 Dec 23 | 209,944,180                | 150,548,657             |
| BFA-T-PADS   |   | 1 Jan 21 – 31 Dec 23 | 10,298,113                 | 5,496,975               |
| BFA-C-IPC    | Initiative Privée et Communautaire pour la santé et la riposte au VIH/Sida au Burkina Faso (IPC)                        | 1 Jan 21 – 31 Dec 23 | 8,510,440                  | 5,089,347               |
| BFA-H-SPCNLS | Secrétariat Permanent du Conseil National de Lutte contre le Sida et les Infections Sexuellement Transmissible (SPCNLS) | 1 Jan 21 – 31 Dec 23 | 35,285,088                 | 17,373,617              |
| <b>Total</b> |   |                      | <b>264,037,821</b>         | <b>178,508,596</b>      |

The first attempt to carry out this audit was in January 2022. Due to the first military coup d'état in that same month, the audit was postponed until later in the year. In September 2022, a planning phase was carried out, including a desk review and an in-country planning mission. This phase was carried out within a challenging political and security situation. The country had been suffering from a growing insecurity in eight out of its 13 districts, meaning that the in-country implementers and assurance providers faced significant challenges in carrying out their activities. The OIG team could not perform any visits to sites located outside the capital due to insecurity in those areas.

The fieldwork of the OIG audit was planned to be performed between 3 and 31 October but could not take place due to a second military coup that took place in Burkina Faso on 30 September 2022. This escalated violence and increased insecurity throughout the country, including in the capital Ouagadougou.

As a result, the OIG adapted its audit scope to focus on how the Global Fund modified its activities to manage programs in Burkina Faso. These programs were delivered in a situation characterized by critical threats to health, safety, and security, as a result of armed conflict and political instability, and involving displacement of a large number of populations.

### 2.1 The Policy on Challenging Operating Environments

In April 2016, the Global Fund Board approved the Policy on Challenging Operating Environments (COEs) to provide overall guidance on future Global Fund engagement in such contexts, based on principles of flexibility, partnerships, and innovation. An Operational Policy Note had been issued in January 2017 providing operational guidance on the COR Policy including flexibilities for Country Teams to manage COE portfolios in an agile and timely manner, within the principles defined in the approved COE policy. COEs are critical to the Global Fund mission as they account for a third of the global disease burden and a third of Global Fund investments.



However, COE portfolios often face heightened programmatic and implementation challenges. A differentiated approach is therefore needed to increase the impact of Global Fund investments in COEs. The objective of the Operational Policy Note (OPN) is to provide operational guidance, including examples of flexibilities for Country Teams to manage COE portfolios in an agile and timely manner, within the principles defined in the approved COE policy.

Both the policy and OPN describe COEs as “countries or regions, characterized by weak governance, poor access to health services and man-made or natural crises”. The policy lists three key principles:

- Flexibilities: aimed at allowing greater responsiveness and timeliness for Global Fund investments
- Partnerships: outlined as crucial to strengthen in-country governance, enhance technical assistance and service delivery
- Innovations: considered essential to maximize results throughout the grant cycle

The COE Support Team, a separate team within the Grant Management Division, works closely with Country Teams and the Risk Department to define and revise the list of COE countries on an annual basis. The list should be reviewed and approved by the Executive Grant Management Committee.

According to the OPN, the ERI categorization drives the classification of a portfolio under COEs. The ERI is a measurement tool derived by compiling data from nine authoritative published indices, highlighting economic, governance, operational and political risks in a country.

As of March 2022, the Global Fund has categorized 29 countries<sup>4</sup> as COE, among which six (21%) are designated as high impact, 21 (72%) are core and the remaining two (7%) are focus (see Annex B1).

## 2.2 Relevant past documents and reference materials

This OIG audit is one of many related reviews of Global Fund investments in challenging operating environments:

- The 2017 OIG [Audit of Global Fund Grant Management in High-Risk Environments](#) underlined concerns about limitations in existing systems and tools to enable proactive identification and assessment of emerging threats.
- The 2019 OIG [Advisory on Grant implementation in Western and Central Africa: Overcoming barriers and enhancing performance in a challenging region](#) noted that the COE policy was not effectively operationalized, requiring a finer balance between risk mitigation measures and simple, flexible processes.
- In 2022, the Global Fund’s independent Technical Evaluation Reference Group (TERG)<sup>5</sup> conducted a thematic review of the Global Fund’s COE policy, focusing on implementation of the policy in eight sample countries.<sup>6</sup> The evaluation concluded that the policy was well “operationalized, necessary, appreciated and utilized,” the TERG noted room for considerable improvement.<sup>7</sup> In particular regarding the risk acceptance approach, differentiating between COE and the Additional Safeguard Policy (ASP), identifying COE best practices and strengthening partnerships. The TERG concluded with

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<sup>4</sup> Afghanistan, Burkina Faso, Burundi, Central African Republic, Chad, Democratic Republic of the Congo, Eritrea, Guinea, Guinea-Bissau, Haiti, Iraq, Democratic People’s Republic of Korea, Lebanon, Liberia, Mali, Myanmar, Nicaragua, Niger, Nigeria, Pakistan, Palestine, Sierra Leone, Somalia, South Sudan, Sudan, Syria, Ukraine, Venezuela, and Yemen.

<sup>5</sup> The Global Fund (2022), “TERG position paper on the thematic evaluation of the Global Fund’s Performance in COE,” GF/SC20/13A. The report is still due to be published.

<sup>6</sup> The selected countries were Central African Republic, Mali, Niger, Somalia, South Sudan, Syria, Yemen, and Myanmar.

<sup>7</sup> Quote from TERG position paper, page 2: “the evaluators found that there was considerable scope to enhance the policy’s implementation to further strengthen program outcomes in COE portfolio countries”.



eight key recommendations. While the Secretariat did not fully agree with certain recommendations,<sup>8</sup> it did agree to a more consultative process with country stakeholders, to better document best practices, to prioritize implementation of prevention of sexual exploitation, abuse, and harassment (PSEAH) and improve Key Population safety and security.

## 2.3 Burkina Faso: Country context

| Country data <sup>9</sup>                                 |              |
|---|--------------|
| Population  | 21.5 million |
| GDP per capita  | US\$918      |
| Corruption Perception Index                               | 78 of 180    |
| UNDP Human Development Index                              | 182 of 189   |
| Gov't spending allocated to health expenditure (% of GDP) | 5.46%        |



Burkina Faso is a high impact portfolio, characterized by low income and a highly insecure environment. In January 2022, the military seized power and deposed President Roch Kaboré. Subsequently, the Global Fund designated Burkina Faso as a COE country in March 2022.

For several years, Burkina Faso has been caught up in extreme violence, attributed to various armed groups.<sup>10</sup> Increasing armed violence has resulted in an estimated 1.5 million internally displaced people. Its deteriorating security currently affects at least eight of 13 health regions (Boucle du Mouhoun, Cascades, Centre-Est, Centre-Nord, Est, Nord, Sahel, and Sud-Ouest).

90% of health facilities closures resulted from direct attacks from armed groups as of May 2022. The situation remains particularly critical in the Sahel region (northern Burkina Faso), where 65% of existing health facilities were closed at the time of the audit, impacting services to the patients. Eight months after January's military coup, there was more political unrest when Capt. Ibrahim Traoré seized power, dissolving the transitional government, and suspending the constitution.

Given the increasing insecurity and volatile political situation, the OIG was unable to carry out any on-site verification.

<sup>8</sup> Recommendations not accepted included i) an adapted risk acceptance approach, (ii) pre-defined flexibilities packages in COE contexts, (iii) feasibility of long-term plannings, (iv) development of a planning tool to facilitate participatory capacity

<sup>9</sup> Sources: population, GDP, Health expenditure from [World Bank Database](#); [Corruption Perception Index by Transparency International](#); [Human Development Index by UNDP](#); all accessed on 27 November 2022

<sup>10</sup> [Political Upheaval and Counter-Terrorism in Burkina Faso: Between a Rock and a Hard Place](#)

## 2.4 The Three Diseases: context and expected objectives

| HIV/AIDS  | TUBERCULOSIS  | MALARIA   |
|---|---|---|
| <p><b>88,000 people are living with HIV</b>, of whom 88% know their status (vs. 80% in the region). Among identified PLHIV, 84% were on treatment (vs. 78% in the region).</p> <p><b>Information on prevalence % amongst key population:</b> SW (5.4%), MSM (1.9%), DU (90%), prisoners (2.2%)<sup>11</sup></p> <p><b>New infections &amp; coverage:</b> decreased by 63% since 2010, from 4,600 newly infected people to 1,700. 46.8% coverage of HIV prevention programmes among key population according to CNLS-IST.</p> <p><b>Morbidity &amp; mortality (0.62%):</b> AIDS-related deaths have reduced by almost 60% since 2010, which is above the regional (50%) and global (54%) average.</p> <p><b>Test &amp; treatment cascade:</b> Low EID coverage with only 23% of new-borns receiving HIV test within two months of birth, compared to global rate of 62%. No public data available for PLHIV who have suppressed viral load, but the program reported on the Global Fund portal that 90% of total PLHIV have had their viral loads suppressed.<sup>12</sup></p> | <p><b>TB incidence &amp; coverage:</b> Burkina Faso is among 100 high-TB burden countries (77th position), with 9,900 estimated cases, of which 69% are notified. TB cases have increased by 5% between 2010 and 2020, and deaths due to TB (excl. HIV) have increased by 25% during the same period.</p> <p><b>TB diagnosis:</b> Since 2016, 47,750 GeneXpert cartridges were delivered, 23,000 in 2020, among which 59% were used for notified people with TB for testing with rapid molecular diagnostics (StopTB). 69% of people newly diagnosed are using WHO-recommended rapid diagnostics, 91% of whom started shorter regimens for DR/TB (WHO).</p> <p><b>TB treatment:</b> The TB treatment success rate at 81%, remains below the national target of 90%. The MDR/RR TB success rate is at 58%, below the national target of 85%. Low TB notifications in remote areas, high levels of insecurity outside Ouagadougou, sub-optimal use of the GenXpert instruments, which was also used for other diagnoses.</p> <p><b>TB-HIV co-infection:</b> The estimated co-infected HIV/TB declined by 53%, from 1,600 cases in 2010 to 750 in 2020, and the number of diagnosed HIV/TB co-infections declined by 16%, from 504 in 2015 to 423 in 2020. As of 2020, 85% of HIV positive TB patients are on antiretroviral therapy during TB treatment (WHO, 2021).<sup>13</sup></p> | <p><b>Disease burden:</b> Burkina Faso carries 3.4% of the global malaria burden. <b>The 8th largest contributor</b> of total malaria deaths globally and 6<sup>th</sup> in the African Region. Estimated malaria deaths almost halved from 35m to 19.9m and malaria incidence reduced by 9% since 2010.</p> <p><b>New cases and mortality:</b> Incidence reduced from 57,100/100,000 population in 2010 to 42,400/100,000 in 2015 and 38.9/100,000 in 2020.</p> <p>Mortality rates decreased from 225 to 113 to 96 per 100,000 population in 2010, 2015 and 2020 respectively.</p> <p><b>Coverage:</b> The <b>process of digitalizing the data</b> from LLIN and seasonal malaria chemoprevention (SMC) campaigns in one district originally planned was postponed in 2021 as the PNLP decided not to move forward with the digitalization of the 2022 SMC campaign while it was digitalized in five out of the 13 regions for the 2022 LLINs mass distribution campaign.</p> <p><b>LLIN coverage and utilization:</b> High coverage of key malaria prevention services, 75.3% households with at least 1 ITN and 54.5% of population have access to ITN, (MIS 2018).</p> <p>46% of ITN and LLNS distributed in 2020, a total of 0.8 million out of the national target of 1.7 million.</p> <p><b>Treatment:</b> Around 10.2m people, half of the population, were treated with any first line treatment course, including ACT.<sup>14</sup></p> |

\*Includes €2.36 million relating to C19RM funds allocated in 2020

<sup>11</sup> Source: [UNAIDS – Burkina Faso sheet](#)

<sup>12</sup> Source: [UNAIDS – Burkina Faso sheet](#)

<sup>13</sup> Source: [WHO TB Report Burkina Faso](#)

<sup>14</sup> Source: [Malaria World Report 2021- PSN target 2016-2020 and Mortality data from SNIS](#)

## 3. Findings

### 3.1 Compliance with COE OPN in declaring Burkina Faso as a COE would have improved the Global Fund's ability to address implementation challenges more promptly

The Challenging Operating Environment (COE) Operational Policy Note guides the process of classifying and managing COE portfolios. When Burkina Faso was declared a COE, gaps in the implementation of operational processes limited the ability of the country and Secretariat to respond more effectively to the fast-changing risks.

#### **An unclear decision process led to a delay in declaring Burkina Faso a COE, impairing the country's ability to face increasing challenges**

Burkina Faso's (External Risk Index) ERI assessment, combined with the volatility of the context in 2020, should have triggered COE classification in Q1 2021. The Secretariat considered the geographic scope of emergency context (the presence of non-state armed groups in two regions - Northern and Eastern Regions) to be limited. The Secretariat declared COE status in March 2022 in the context of the deteriorating security situation and the expanding emergency context across a larger geographic territory and in the wake of the first coup d'état in January 2022. For the period 2020-2022 the Global Fund engaged with national stakeholders and implementers to respond to the evolving security situation. Considering COE status is granted to improve effectiveness of environments characterized by insecurity and volatility, noting historically weaker performance in these countries, this decision may have limited the rapid response to the changing risk landscape and affected performance, despite actions from the Secretariat.

The ERI categorization drives the classification of a portfolio under COEs. The ERI is a measurement tool derived by compiling data from nine authoritative published indices, highlighting economic, governance, operational and political risks in a country.<sup>15</sup> The ERI was developed in 2014 by the Global Fund's Risk Management Department with the support of the Grant Management Division. It is compiled annually at the end of year for the current year. According to section 9 of the OPN *"The [COE] list is based on the countries under the "very high risk" category of the ERI. Depending on emerging needs, ad-hoc adjustments can be made to the COE portfolios list, in line with the ERI updates and other contextual factors during the allocation period. For instance, countries facing an emergency situation can also be classified as a COE."*<sup>16</sup>

Burkina Faso has been rated "Very High" since 2020<sup>17</sup> due to the deteriorating security and humanitarian situation in six out of 13 regions. The country had more than 700,000 internally displaced persons at the time of the audit with 100 health facilities (out of 1,900) closed or carrying out limited activities in the Northern and Eastern areas.

The COE classification status of the Burkina Faso portfolio was part of the annual review and approval process for the COE List Update by the EGMC for the period 2020-2022, the decision-making process requires further

<sup>15</sup> The 10 indices used to construct the ERI according to 2017 COE OPN: The Fragile States Index (Fund for Peace); INFORM Index (Inter-Agency Standing Committee Task Team for Preparedness and Resilience); Global Peace Index (Institute for Economics and Peace); UN's Safety & Security Index; Ease of Doing Business Index (World Bank); and five of the six World Bank Governance Indices (Voice and Accountability Index, Government Effectiveness Index, Regulatory Quality Index, Rule of Law Index; and Control of Corruption Index).

<sup>16</sup> The Global Fund's [COE OPN](#)

<sup>17</sup> The ERI for Burkina Faso was post-adjusted (qualitative adjustment) from High to Very High in 2020 due to the deteriorating.

strengthening, clarifying its different stages, and documenting more explicitly the criteria applied at the management adjustment stage.

### **Non-compliance with OPN's methodology leads to relevant analysis not being performed**

Burkina Faso was classified as COE during the implementation cycle 2021-2023. The OPN provides for the completion of Portfolio Analysis and Operational Strategy (PAOS) for COE portfolios at the start of the allocation period. With implementation in progress, the Secretariat leveraged the existing risk management processes, and the Country Team prepared a Country Portfolio Review (CPR) analysis. The CPR analysis covers several topics as required by the Secretariat's Guidance on Portfolio Analysis and Operational Strategy in COE Countries. However, important activities were not carried out when preparing the CPR in March 2022. This resulted in a lack of:

- a clear list of active partners to leverage from to allow implementation in focus areas (this list was later added)
- evaluation of potential unachievable activities, limiting the Secretariat's visibility on the effect of the emergency context on program implementation
- proposed policy flexibilities for program activities, further delaying the ability of programs to adapt to the context

This meant that no corresponding operational strategy was developed.

According to the COE OPN the PAOS should be reviewed by a Secretariat advisory committee and approved by the Executive Grant Management Committee. However, an advisory committee was never established for Burkina Faso, thereby limiting senior level analysis or endorsement.

### **Significant delays in updating and finalizing key documents compromised the timely implementation of innovative approaches, which would have allowed continued implementation of activities across the country**

Several emergency events occurred in Burkina Faso during 2022. Following the establishment of the CPR in March 2022, security in the country significantly deteriorated in most regions with a second coup d'état in September following the one in January 2022. These events were not captured in the CPR and had yet to be included in the documented risk analysis. The Country Team requested flexibilities from the Portfolio Performance Committee (PPC) in November 2022. However, there was a lack of analysis provided by the OPN to ensure that the proposed flexibilities mitigate the challenges and risks of program implementation.

The audit also noted delays in the implementation of the Integrated Contingency Plan (ICP), developed with partners and the Ministry of Health (MOH) at the beginning of March 2022. The ICP was unfinalized at the time of the audit and lacked a budget, which was postponed several times since July 2022. In addition, the MOH identified the need to integrate the ICP into a larger plan to be validated by the Government. The timelines for elaboration, validation and implementation at national level were respectively impacted. As detailed below, this compromises the ability of implementers to benefit from the flexibilities and new approaches the ICP would unleash. Ultimately, it undermines the responsiveness and timeliness of Global Fund investments and the delivery of health services to populations in need across the country.

## *Flexibility*

The COE OPN defines *flexibility* as adopting tailored approaches to each COE, which should enhance responsiveness and timeliness of Global Fund investments, reduce administrative burden for partners, and facilitate more effective service delivery to populations in need.

As of November 2022, flexibilities requested by the Country Team had not yet been approved or leveraged, since Burkina Faso was declared a COE in early 2022. Requests for no-objection notices for the transport of health products and consumables in the 13 regions – as well as the rental of warehouses for LLINs and the payment in cash for certain activities – would have enabled a more effective program implementation. For grant implementation, existing flexibilities relate to procurement of goods and services and the adoption of a differentiated assurance approach for Local Fund Agent (LFA) activities in areas with high security risks. However, the Country Team, the LFA and the Fiscal Agent did not monitor the impact of the adopted flexibilities on program results, meaning that it was very difficult to assess their impact and effectiveness.

## *Partnerships*

The COE OPN describes *partnership* as the need to optimize the types of implementers in COEs to strengthen in-country governance, enhance service delivery, and improve technical assistance. For in-country governance, the policy expects the Global Fund to liaise with in-country coordination and partnership mechanisms and, wherever possible, to use and complement existing aid modalities. To enhance service delivery, the Secretariat should work closely with national stakeholders and relevant partners, when developing each approach. And finally, the OPN provides for the Secretariat collaborating with academic institutions, technical implementers, and civil society organizations with expertise in COEs to improve the provision of technical assistance.

The existing list of in-country partners – including those for procurement and supply chain management – for grant activities is obsolete. The current list is dated September 2021, prior to both *coups* and the continuous deterioration of the security context. Any meaningful evaluation process for potential traditional and non-traditional partners would be challenging until these are mapped and the shortlist is made. There is also no evidence that an analysis of implementer operational capacity was used to determine organizations with which to collaborate or how to manage activities (e.g., through capacity-building or monitoring etc.). At the time of the audit, no capacity assessment was planned despite Burkina Faso's volatile operating conditions. As a result, there is a significant risk that grant implementation will be further delayed and health impact compromised.

## *Innovation*

The COE OPN characterized *innovation* as the application of new approaches throughout the grant cycle, for maximizing results in COEs, including through partnership arrangements and service delivery mechanisms.

Among the new approaches suggested in the Integrated Contingency Plan (ICP), the OIG considers three to be innovative compared to traditional implementing approaches: (i) activities will be implemented according to the context in each community, district and regional level, instead of selecting one single methodology built for the national level (ii) single implementers will be selected for each activity level, instead of a single central or district selection (iii) an integrated activity package for all three diseases will be used in each health district, instead of relying on a single implementer. The delay in finalizing the ICP is compromising the implementation of these approaches, which would have allowed full implementation of activities across the country – except for condom and lubricant distribution, which are forbidden in areas where terrorists are present.

The OIG and Secretariat have agreed that no specific Agreed Management Action (AMA) is required for Finding 3.1. Burkina Faso has been declared a COE portfolio since 2022. The OIG's findings in relation to the COE declaration process for Burkina Faso, and potential associated risks identified by the OIG are no longer applicable to the portfolio. Any findings relating to the COE operational policy itself, will be handled under AMA 01.



### 3.2 Operational procedures to better manage risks are outdated and applied inconsistently, leading to missed opportunities in leveraging flexibilities

The operational guidance requires updating to ensure its application is carried out consistently across the Global Fund's investments. In the absence of this change, the management of COE portfolios will continue to rely on subjective and inconsistent practices, thereby not fully leveraging the key principles of the COE policy – flexibility, innovation, and partnership.

It should be noted that, ahead of the below observations, a review of the COE OPN, which was last reviewed in 2017, has been planned in 2022, instigated by the Secretariat. The review is still to be completed.

#### **The criteria indicated by the OPN to classify COE are outdated, which could result in inconsistent and incomplete assessments, unjustifiably delaying actions necessary to improve programmatic impact**

The Global Fund classifies COEs based on the External Risk Index (ERI), which is based on nine indices despite the OPN listing 10.<sup>18</sup> The ERI does not include an indicator that measures the likelihood of a government being destabilized or overthrown. Although five of the ERI indices come from six aggregate Worldwide Governance Indicators, the "Political Stability and Lack of Violence" (PSLV) index is not included. The Secretariat may consider its inclusion, as well as that of other indexes when revising the OPN.

#### **Tools and activities, required by the OPN once a country is classified as a COE are outdated, which leads to the omission of relevant analysis**

After COE classification, the OPN states that the Country Team should complete a Portfolio Analysis and Operational Strategy (PAOS) to define a strategic approach for the portfolio. The PAOS should be reviewed by a Secretariat advisory committee and approved by the Executive Grant Management Committee. In current practice, however, the PAOS was replaced by a Country Portfolio Review (CPR).

Aside from the outdated guidance, the OIG noted that important topics like the analysis of the partnership environment, and the evaluation of potential unachievable activities, are not included in the CPR. Furthermore, the CPR does not require the same level of approval required for the PAOS and does not indicate what analysis and documents should be developed for focus countries.

#### **Roles and responsibilities to declare a country a COE need to be clarified to ensure an effective decision-making process**

Various stakeholders are involved in COE classification including the Country Team, the COE Support Team and the Risk Department, however their roles and responsibilities are not defined. The OPN only contains general roles and responsibilities for various technical departments supporting COEs<sup>19</sup>, without clearly defining their contributions to the classification process. As a result, it is unclear how the CPR for Burkina Faso engaged stakeholders and captured their feedback. This leads to a non-compliant implementation of the COE OPN which could cause an ineffective decision-making process and thus prevent timely achievement of grant results.

<sup>18</sup> Currently used indices include: 1. The Fragile States Index (Fund for Peace); 2. INFORM Index (Inter-Agency Standing Committee Task Team for Preparedness and Resilience); 3. Global Peace Index (Institute for Economics and Peace); 4. UN's Safety & Security Index; and five of the six World Bank Governance Indices 5. Voice and Accountability Index, 6. Government Effectiveness Index, 7. Regulatory Quality Index, 8. Rule of Law Index; and Control of Corruption Index. Since 2019 the "Ease of Doing Business Index" was withdrawn from ERI calculation due to the non-availability of data from the source since 2020. This was not reflected in the policy.

<sup>19</sup> TAP – Technical Advice and Partnership - includes MECA and Disease and Health Systems Strengthening Advisor. Supply Chain Department, Finance Department, Operational Policy Hub, Risk Team and the Legal and Compliance Department. In COE OPN Manual, p.11.



### Existing policies and procedures lack measures for Country Teams to respond with agility and effectiveness to emergency situations

The OPN was designed to support Country Teams with a differentiated response in COEs, including flexibility to rapidly respond to a changing environment. However, the policy provides no precise guidelines, neither on timeframe nor the operationalization of these factors. In such cases, where several emergency events occur during a calendar year, as was the case in Burkina Faso, the OPN does not allow for a complete portfolio analysis to re-define the strategy.

The OPN recommends that the Country Team prepares the portfolio analysis and operational strategy performed at the beginning of the grant lifecycle, before initiating the country dialogue and funding request development processes. This does not enable Country Teams to take proactive measures to rapidly mitigate risks and challenges arising during grant implementation.

Altogether, this can cause delays in the implementation of critical contingency measures, potentially leading to negative programmatic impact in environments characterized by a highly unstable context.

#### Agreed Management Action 1:

The Secretariat, leveraging the cooperation between the departments across the Global Fund, will update the Global Fund Challenging Operating Environment (COE) operational policy and procedures to:

- i. Clarify and update standardized mechanisms, methodologies and tools used to determine if a country is classified as a COE, including the criteria and approval process.
- ii. Clarify and update the Secretariat mechanism that oversees the implementation of the revised COE Operational Policy Note (OPN).
- iii. Establish clear Secretariat expectations for appropriate timelines for the completion, approval and sharing of required documents for the review of COE country performance and flexibilities.
- iv. Clearly define Secretariat roles and responsibilities, with respect to PR and portfolio implementation of Global Fund-approved COE flexibilities and interventions suggested by the Global Fund that are key to subsequent COE declassification; and
- v. Clarify the process to seek flexibilities throughout the grant lifecycle.

OWNER: Head Grant Management Division

DUE DATE: 31 December 2024

## Annex A: Audit Rating Classification and Methodology

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

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

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

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

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

## Annex B: List of COE Countries as of March 2022

| COE COUNTRIES*             | CATEGORY    | ERI RATING |
|----------------------------|-------------|------------|
| Afghanistan                | Core        | Very high  |
| Burkina Faso               | High impact | Very high  |
| Burundi                    | Core        | Very high  |
| Central African Republic   | High impact | Very high  |
| Chad                       | Core        | Very high  |
| Congo (Democratic. Rep.)   | Core        | Very high  |
| Eritrea                    | Core        | Very high  |
| Guinea                     | Core        | High       |
| Guinea-Bissau              | Core        | Very high  |
| Haiti                      | Core        | Very high  |
| Iraq                       | Core reg    | Very high  |
| Korea (Dem. People's Rep.) | Core        | Very high  |
| Lebanon                    | Core reg    | Very high  |
| Liberia                    | Core        | Moderate   |
| Mali                       | High impact | Very high  |
| Myanmar                    | High impact | Very high  |
| Nicaragua                  | Focused     | High       |
| Niger                      | Core        | Very high  |
| Nigeria                    | High impact | Very high  |
| Pakistan                   | High impact | Very high  |
| Palestine                  | Core reg    | High       |
| Sierra Leone               | Core        | Moderate   |
| Somalia                    | Core        | Very high  |
| South Sudan                | Core        | Very high  |
| Sudan                      | Core        | Very high  |
| Syrian Arab Republic       | Core reg    | Very high  |
| Ukraine                    | Core        | Moderate   |
| Venezuela                  | Focused     | Very high  |
| Yemen                      | Core reg    | Very high  |

*\*Update List to COE Classification for the 2020-2022 Allocation Period, submitted for EGMC approval, March 2022*