

Operational Policy Note

Country Risk Management

Approved on: 6 November 2023
Approved by: Executive Grant Management Committee
Process Owner: Programmatic Monitoring and Risk Division

Process Metrics for Country Risk Management

First and second line teams are expected to meet the following key performance indicators:

- *Grant Design and Approval:* % of High Impact and Core portfolios that have a completed Integrated Risk Management (IRM) at the time of GAC approval.
- *Grant Monitoring:* % of country risk signed-off through Country Risk Management Memorandum (CRMM) and/or Portfolio Performance Committee (PPC) during the year for High Impact and Core portfolios
- *Grant Monitoring:* % of cumulative Key Mitigating Actions (KMA) completed that were due to be completed for the reporting period.
- *Grant Monitoring:* % of cumulative Assurance Activities completed that were due to be completed for the reporting period.

1. The Global Fund supports programs across the globe to fight HIV, tuberculosis, and malaria. This often involves operating in challenging humanitarian and development contexts, or in countries with less resilient health structures. The grant operations involve multiple implementers with diverse programmatic, financial, and managerial capacities.
2. Risk¹ is an everyday part of the Global Fund's operations. To deliver on its mission to end the epidemics, the Global Fund needs to take risks, often over sustained periods of time and balance the risk (i.e., the risk trade-off) of not delivering the Global Fund's mission with programmatic, fiduciary, ethical, and integrity risks.
3. Effective risk management is a key element of good governance and is embedded within the organization's operating model. It provides reasonable assurance that:
 - i. Significant risks are identified and monitored, enabling management to make informed decisions and take timely action;
 - ii. Opportunities are maximized with confidence that risks will be managed; and

¹ Risk is the probability of an event occurring and the consequences if it should happen. Applied to the Global Fund, a risk is an uncertain event or condition that, if it occurs, will adversely impact the achievement of the Global Fund's strategic and operational objectives.

- iii. Objectives, as set out in the Global Fund’s strategy, are achieved.
- 4. In-country stakeholders (i.e., the front line of defense), such as implementers, partners, and Country Coordinating Mechanisms (CCMs)², greatly impact grant outcomes by managing risks on a day-to-day basis. Global Fund Country Teams (CTs) work with implementers to align, prioritize, and coordinate risk management efforts. Embedding risk management through the grant life cycle aids in:
 - i. Promoting an environment in which CTs are responsible and empowered to manage risk and have a consistent understanding of the principles by which the Global Fund differentiates its approach to risk management;
 - ii. Enabling CTs to identify, prioritize, mitigate, and assure key risks that may prevent the program from achieving grant objectives, as well as escalate proposed strategies and actions for key risks that may affect the Global Fund as a whole.
 - iii. Providing opportunities throughout grant implementation for second line functions to advise on and oversee the first line executing their risk management responsibilities, and to monitor and report on the progress of implementation³; and
 - iv. Fostering management support to debate and make critical risk trade-off decisions.

A. Operational Policy

- 5. The overall risk management architecture of the Global Fund is informed by the [Risk Management Policy](#), the Board-approved Risk Appetite Statements⁴, the Enterprise Risk Management Framework, and subsidiary documents to this framework.
- 6. The Global Fund categorizes risk sources into three broad areas – country or grant facing risks, internal Global Fund Secretariat operational risks, and business process risks,⁵ to ensure risk management processes, systems, and tools are appropriately tailored to the context.
- 7. This Operational Policy Note (OPN) focuses on the country risk management framework internal to the Global Fund Secretariat. The OPN applies to country and multicountry portfolios and grants, unless otherwise specified in the dedicated multicountry section. While the principles and general requirements defined in this OPN apply across all portfolios, the specific risk management deliverables do not apply to Focused portfolios, unless explicitly stated. Annex 1 provides a summary of the risk management deliverables and how they apply to each portfolio category.

² Throughout this OPN, references to CCM include any RCM, RO or other coordinating mechanisms, as applicable.

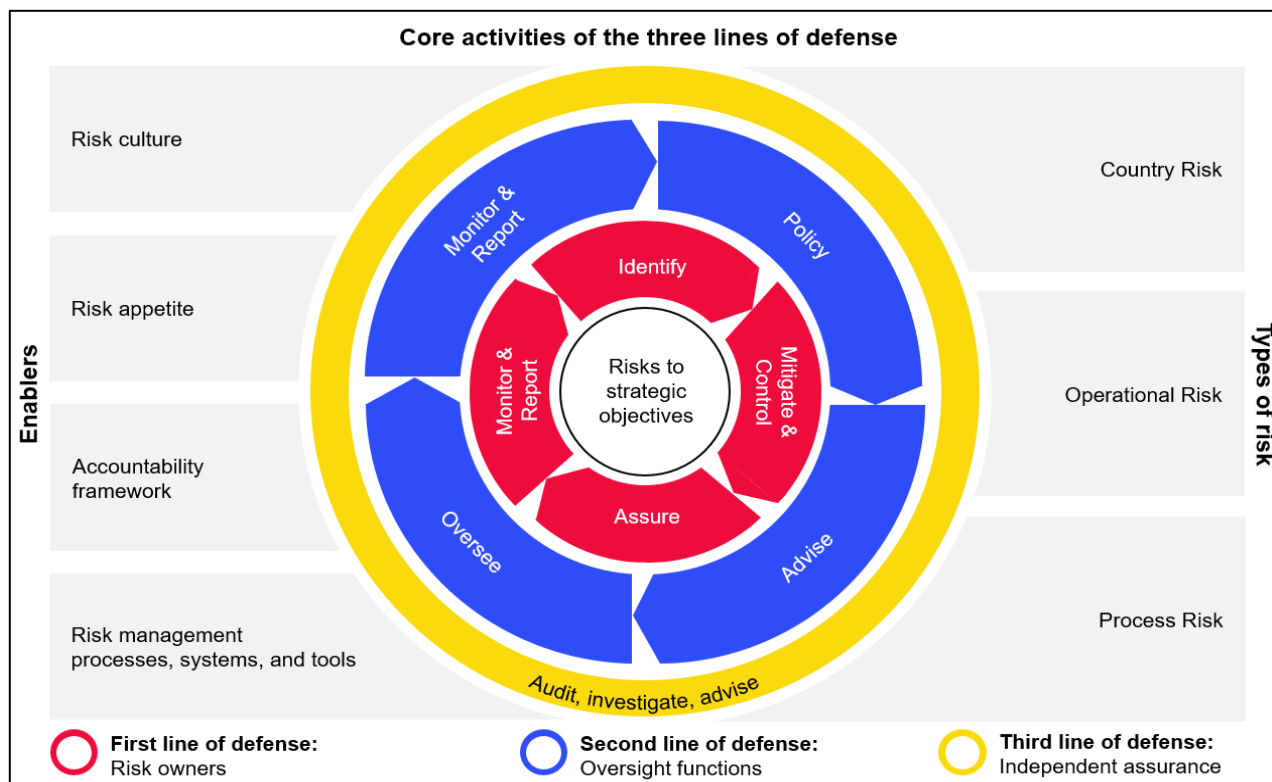
³ For the definition of the first and second line within the context of the “Three Lines of Defense” model, please see the Enterprise Risk Management Framework [as well as Sections A1 and A2 below in this OPN describing the roles and responsibilities of first line and second line teams respectively](#).

⁴ [Risk Appetite Framework approved](#) by the Global Fund Board on 10 May 2018. The Global Fund Board approved the latest amended Risk Appetite Statement on 11 May 2023 ([GF/B49/DP04](#)).

⁵ This OPN only addresses grant facing Country Risks. Please see the Operational Risk Management Procedure and the Business Process Oversight Procedure documents for additional information on these risk types.

The Enterprise Risk Management Framework

Figure 1. The core risk management activities of each line of defense, including enablers and types of risk managed, are illustrated using the ‘three lines of defense’ model.

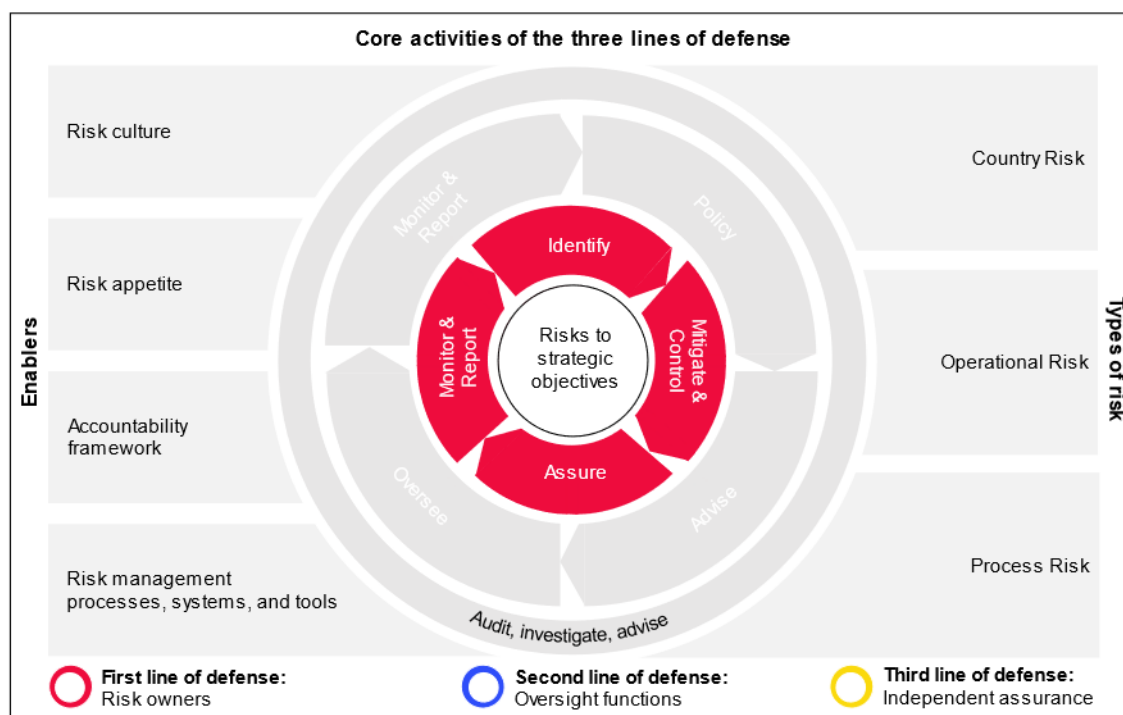


8. The Global Fund employs a ‘three lines of defense’ model to manage risks to the organization’s strategic objectives. This model provides a clear delineation of risk management responsibilities across different functions within the organization. Each line is responsible for a specific set of ‘core’ risk management activities, as outlined in Figure 1.⁶ The activities of all three lines of defense are underpinned by a common set of enablers⁷, and the way in which these activities are executed varies by risk type.
9. The core activities of all three lines of defense are ongoing and underpinned by continuous communication and coordination across, and between, all lines of defense. The Global Fund Board, through its standing committees, is responsible for overseeing the implementation of effective risk management across all three lines of defense.

⁶ In addition to the organization’s three lines of defense, there is also the ‘front line of defense’. This is comprised of in-country actors including implementers, in-country partners, and CCMs. The front line of defense manages the risks to achieving grant objectives on a day-to-day basis and is central to effective risk management. The risk management activities of the front line of defense are outside the scope of this document.

⁷ For a detailed description of the key enablers of the risk management framework, please see the Enterprise Risk Management Framework.

A.1. First line of defense



10. In the context of Country Risk Management,⁸ the first line of defense is the Grant Management Division (GMD), with the CT responsible for individual portfolios and responsible for delivering core risk management activities. The first line of defense owns and manages country risks on a day-to-day basis.
11. Grant-specific risks, as well as corresponding controls, mitigating actions, and assurances, are systematically identified, prioritized, and tracked by CTs using the Integrated Risk Management (IRM)⁹ module in the Grant Operating System (GOS).

A.1.1. Risk identification and prioritization

12. The CT identifies the risks that may prevent the grant from achieving its objectives and rates them considering the likelihood of the risk event materializing, and its expected impact or severity should it occur, following a standardized methodology in IRM to determine a grant's risk rating, as per the sub-risks described in Annex 2.
13. As part of dynamic risk management, CTs in High Impact and Core portfolios must also carry out risk assessments¹⁰ at the grant level and update IRM as information becomes available to CTs throughout the grant life cycle.¹¹

⁸ Country Risk Management relates to uncertainty in achieving grant outcomes and ultimately the uncertainty in achieving the overall mission of the Global Fund. This includes risks to both individual grants and to country portfolios across several areas. Please see the Enterprise Risk Management Framework for additional details.

⁹ A new version of IRM was launched in February 2023 to replace the original module on GOS, effective 1 April 2023.

¹⁰ Risk Assessment in the context of Country Risk Management means the completion and ongoing update of IRM.

¹¹ This can be informed by changes to the country context, updates received from progress reports, assurance and audit reports, mission reports, or other sources of information. For additional triggers on when a risk assessment should be updated please see the risk rating guidance included in IRM.

14. One method of risk identification is through a capacity assessment to determine the risks associated with implementation capacity in critical areas (human resources availability and skills, policies, guidelines, procedures, systems, and tools) to ensure the Principal Recipient (PR) can successfully achieve the grant objectives.¹² Capacity assessments are required:
 - i. During the Funding Request review period¹³ for: (1) all new PRs¹⁴ who have not previously implemented the disease component for the Global Fund in the country/countries where the grant will operate, and (2) existing PRs who will be implementing new activities for which their capacity has not been previously assessed.¹⁵
 - ii. For continuing PRs: a risk-based thematic capacity assessment review of core implementation capacities may be conducted for those prioritized risks rated 'High' or 'Very High', where better understanding of challenges in capacity would help unblock implementation. A thematic capacity assessment may be initiated by the CT or by the PPC Co-Chairs and may assess: (1) implementation and effectiveness of existing processes, procedures, and controls; (2) the impact of mitigating actions and systems strengthening investments on the residual risk; or (3) identify any emerging risks.
15. PRs are responsible for assessing the capacity of sub-recipients (SRs) and other implementers. However, CTs can also undertake capacity assessment for SRs or other implementers, as they determine necessary.

A.1.2. Risk mitigation and control

16. Based on the risk identification, CTs, in collaboration with implementers and country stakeholders, as appropriate, design, plan and facilitate implementation of prioritized mitigating actions and controls that will reduce the likelihood of a risk event materializing, or its impact, should it occur. When designing mitigating actions, the use of national systems is encouraged to support capacity strengthening and leverage accountability of national institutions.
17. The risk assessment is not expected to document all known root causes and potential mitigating actions within IRM. The assessment should rigorously prioritize and focus the efforts of the CT and implementers on key actions that will have the most impact on reducing the risk. Prioritized root causes identified for sub-risks should have mitigating actions to manage the sub-risks to an acceptable level. CTs are encouraged to focus on Key Mitigating Actions (KMA) and other prioritized mitigating actions (MA) that will directly address key bottlenecks to the program achieving grant objectives.
18. Not all risks can be fully mitigated and, in some cases, it may be necessary to accept that a risk may materialize. The organization's agreed risk appetite sets the parameters and the amount within which the Board is willing to accept risk in pursuit of strategic objectives (see the Board report on the [Risk Appetite Framework](#) for further guidance). For risk and sub-risks considered 'High' or 'Very High', the CT should include mitigating actions. In instances where the CT considers the Global Fund's ability to mitigate or control the risk is low, they may propose alternative risk management strategies to transfer, accept or avoid risks (see the Mitigating Action Guidance document for additional details on strategies to address risks).

¹² Once a capacity assessment is completed, the CT documents and shares the outcome of the assessment with the PR and any mitigating actions to address identified capacity issues. Any material issues should also be documented in IRM to ensure timely tracking and follow-up. If material capacity issues would result in the nominated PR not being able to implement the grant then the CT should reject the PR and the CCM would be required to propose a new PR. Please see the [Capacity Assessment Guidelines](#) for additional information.

¹³ In exceptional cases, where a capacity assessment requires more time, this must be completed as soon as possible during grant-making.

¹⁴ Including Lead Implementers when the PR is considered a "pass through" or "pay through" PR.

¹⁵ See the Country Risk Management Operational Procedures for examples of potential triggers of an existing PR.

A.1.3. Assure

19. Comprehensive portfolio-level assurance planning is required to be documented in IRM for High Impact and Core portfolios to gauge whether adequate controls and mitigating actions are in place to manage key portfolio risks and achieve grant objectives. Planning of strategic assurance activities for the implementation period is initiated during grant-making and finalized at the start of grant implementation. The assurance plan is updated on an annual basis prior to the annual Local Fund Agent (LFA) budgeting exercise, in as much as an LFA's scope of work will be directly informed by activities prioritized within the assurance plan¹⁶ or when triggered by specific events.
20. Assurance activities must be defined at the risk level, aimed at providing the Secretariat with confidence that the grant is effectively and efficiently achieving program objectives. Assurance activities must be:
 - i. Tailored to the specific context and risks of the grants, considering the nature, complexity, and objectives of the assurance activity;
 - ii. Proportionate to the level of risk, which means that higher risks may require more thorough assurance (i.e., more than one and more in-depth assurance activities), while lower risk may require less;
 - iii. Effective and designed to produce meaningful results to enhance the degree of confidence of the intended users that inform decision-making. This requires the ability to identify issues or weaknesses, propose feasible solutions, and communicate results and recommendations effectively to relevant stakeholders.
21. For comprehensive guidance on assurance planning, please refer to the Assurance Activity Guidance and the Risk and Assurance Handbook.

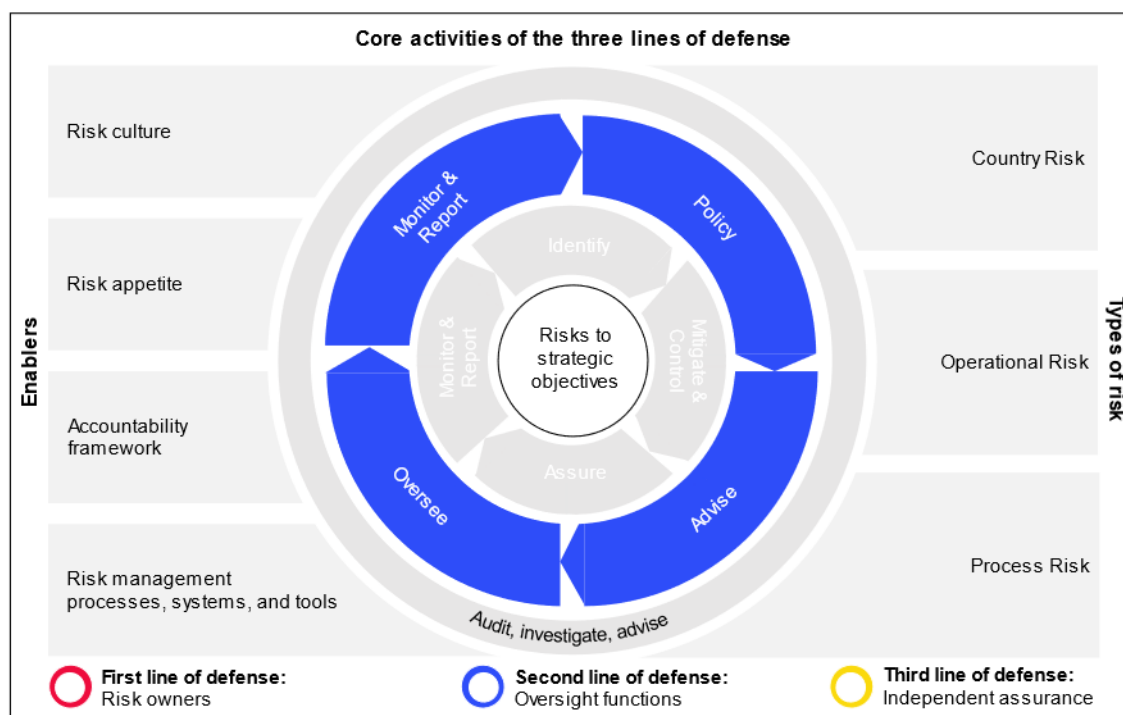
A.1.4. Monitoring and reporting

22. Country Teams, as part of their first line responsibility, monitor the progress of prioritized mitigating actions and controls during grant implementation, and assess the effectiveness and impact of these using information from multiple sources, including assurance reports and PR reporting (see [OPN on Oversee Implementation and Monitor Performance](#)). This will support their ongoing assessment of risk levels and trajectories and lead to timely identification of emerging risks.
23. As part of reporting requirements, the High Impact and Core portfolios submit an annual update of the comprehensive risk assessment, the 'Country Risk Management Memorandum' (CRMM) to the Portfolio Performance Committee (PPC) for its review and approval.¹⁷
24. The combination of monitoring and reporting creates a feedback loop that informs updates to risk ratings and root causes, and adaptations to existing (or the introduction of new) mitigating actions and assurance activities. Emerging risks, issues, anticipated changes to risk levels and trajectories, should be escalated for senior management acceptance based on agreed thresholds (see CRMM and PPC sections below for approval of risk appetite decisions).

¹⁶ Planning and documenting Assurance Activities in IRM should begin during grant-making as part of finalizing the risk assessment before GAC submission. All activities must be planned and documented by no later than 3 months after the grant start date. Annual updates are relevant for both LFA and non-LFA assurance providers.

¹⁷ See the Governance section for more details on the requirement to submit an annual CRMM for approval.

A.2. Second line of defense



25. The second line of defense is led and coordinated by the Risk Department that works in close collaboration with other functional second line risk owners, as outlined in Annex 2, to provide guidance, advice, independent oversight and monitoring over the first line risk management activities. In addition to these defined second line functions, Ethics and Legal also provide relevant oversight and advice.

A.2.1. Policy development

26. The Risk Department, in coordination with other second line functions and first line functions, develops risk management frameworks, tools and guidelines¹⁸ to embed risk management into Secretariat processes across the grant life cycle. This enables a systematic and consistent risk management by both the first and second lines of defense.

A.2.2. Advice

27. The second line functions provide technical advice to the first line of defense through development of technical information notes, internal guidance documents and tools to support portfolio management, and undertake training and capacity building activities, as required. This also involves working with individual first line teams, in line with the principle of differentiation, to provide direction, support in the identification and prioritization of risks, design of mitigating actions and controls and assurances. Second and first line functions also feed into the overall risk

¹⁸ In the context of Country Risk, this can include standards, technical briefs, application guidance materials, grant related requirements and expectations, assurance handbook, etc.

management framework, tools and guidelines for strengthening the country risk and grant risk management at the organizational level.

A.2.3. Oversight

28. The second line functions support and ensure that the first line is executing their risk management responsibilities in line with the relevant frameworks, policies, and procedures. They also periodically review, assess and, where required, provide guidance on the adequacy of risk mitigation plans and internal controls for their respective areas, taking into account resource availability and risk-based prioritization decisions at country level.¹⁹ In agreement with Regional Manager/Department Head, second line functional owner and Head Risk Department, second line functions can also request additional third party assurance, or carry out independent risk-based interventions to obtain additional assurance on the progress of implementation.²⁰

A.2.4. Monitor and report

29. The second line functions monitor the trends in progress of implementation and the impact of KMAs and controls at the country level to inform its assessment of the progress towards the Global Fund's strategic goals and targets. Together, with the use of a range of other data sources,²¹ second line functions triangulate the assessment of risk levels and trajectories by the first line and identify emerging thematic risks and issues.
30. The first line functions summarize and update the Organizational Risk Register every quarter for their respective functions. Risk data at the grant level is made available through GOS to aggregate and report at the grant, disease, country, regional and global levels. Such analyses are incorporated in the Organizational Risk Register.
31. The Risk Department's independent analyses are derived from its risk oversight function and contribute to the Chief Risk Officer's (CRO's) Annual Assurance Opinion to the Board and its standing committees.
32. The second line functions are also periodically requested to report to the PPC²², Management Executive Committee (MEC), the Board, and its standing committees on key risk themes in relation to changes in the operating environment, on organizational risk levels and trajectories, and on the overall status of risk management by the organization.

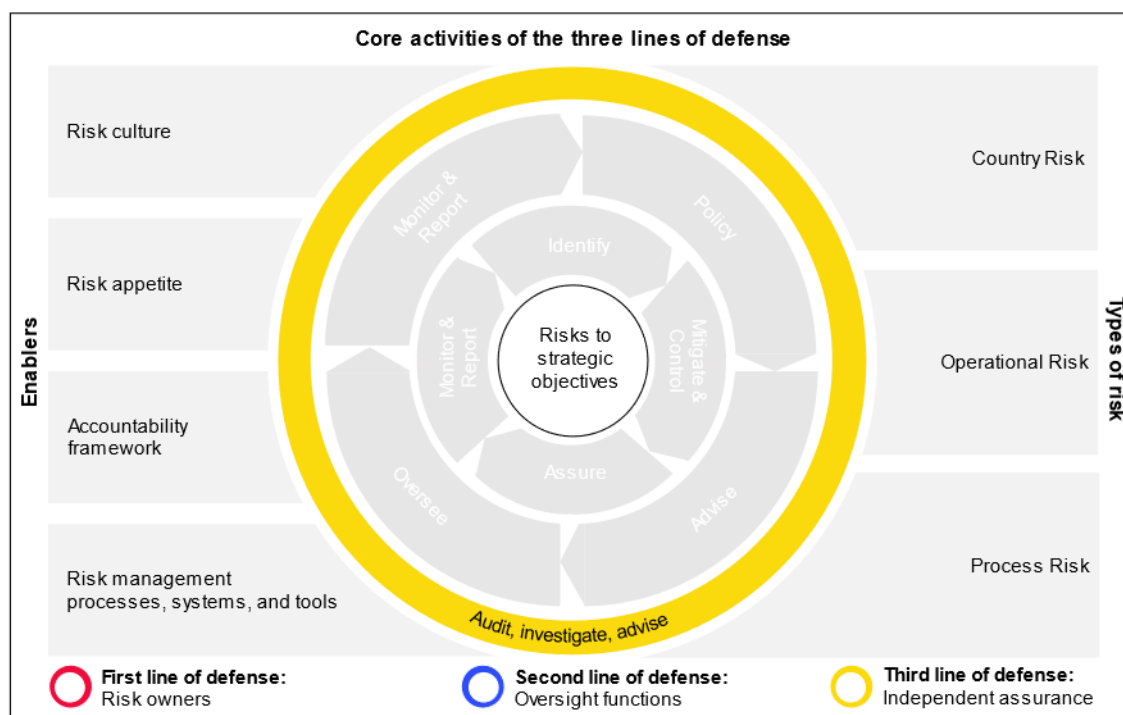
¹⁹ Second line oversight takes place across the grant life cycle and is documented in detail in the Country Risk Management Operational Procedures. The main platform through which oversight is provided is through IRM, which includes grant-making reviews, quarterly reviews, CRMM reviews, capacity assessments, but also via other forums such as PPC.

²⁰ Independent risk-based interventions could include self-audits, fraud risk assessments, training and capacity building initiatives (i.e., strengthening the internal audit capacity of the Supreme Audit Institutes), thematic reviews, etc. These independent interventions are discussed and coordinated with the first line team.

²¹ Including strategic and thematic evaluations led by the Evaluation Unit.

²² The PPC Co-Chairs review and approve the calendar for Country Portfolio reviews and Thematic reviews annually. Thematic reviews focus on specific risk category or a sub-theme or an emerging risk.

A.3. Third line of defense



33. The third line of defense is the Global Fund's independent assurance functions, and includes the Office of the Inspector General (OIG), the Independent Evaluation Panel (IEP)²³, as well as other providers such as external auditors as engaged from time to time.
34. The core activities of the OIG are to independently audit the first and second lines, to conduct investigations, provide advisory support and provide independent assurance regarding the management of risks and controls.

A.4. Governance of risk management

35. This approach is embedded across all levels of management and the various management committees (e.g. GAC, Executive Grant Management Committee (EGMC), Recoveries Committee etc.) that are responsible for critical grant related decisions.²⁴

A.4.1. Portfolio Performance Committee (PPC)

36. The PPC conducts Country Portfolio Reviews (CPRs) with a focus on priority areas for action to address the most important barriers or opportunities to maximize impact in a specific country context. The PPC has delegated authority to approve operational policy exceptions and

²³ The IEP is an advisory group, accountable to the Board through the Strategy Committee (SC), providing assurance of quality and independence over Global Fund independent evaluation activities to the Board. The IEP collaborates with the Board through the SC to identify evaluation needs with regards to design, implementation, and results of Global Fund's policies and programs and ensure timely communication of evaluation findings and recommendations to inform decision-making processes.

²⁴ Refer to the Terms of Reference for the various Management Committees on mandate and responsibilities.

[Challenging Operating Environment](#) (COE) flexibilities based on CPR discussions (see PPC ToRs).

37. The PPC can conduct an Executive PPC²⁵ to follow up on agreed high priority CPR actions or to respond to urgent and/or specific issues as these arise.
38. The PPC also conducts Enterprise or Thematic Reviews to assess progress towards impact across the global portfolio in reference to key corporate and grant level indicators and targets; to identify the portfolios and regions driving under-performance and agree actions, innovations or additional support needed to address gap to targets; and to identify common issues, lessons-learned and good practices that can be mainstreamed, transferred, or scaled up for greater impact across the portfolio. These reviews also provide opportunity for identifying emerging risks.
39. The PPC reviews and approves the CRMM that documents the risk levels, target risk levels (including timelines and rationale), the root causes, KMAs and prioritized mitigating actions, and assurance activities.
40. Management's acceptance of selected risks in portfolios is one of the key outcomes of a PPC review. The acceptance of a risk is contingent upon the scope of influence of the Global Fund and progressive risk management responses have been attempted, the trade-offs involved and the implementation and success of agreed upon actions and/or controls.
41. The PPC, as part of its responsibility for implementation oversight, actively makes risk trade-off decisions²⁶ within the Secretariat and ensures alignment between these decisions and the risk appetite framework set by the Board.
42. CTs make risk trade-off decisions on a regular basis during day-to-day grant management but are expected to escalate decisions to the PPC when organizational endorsement of a significant risk trade-off decision during implementation is needed. This may include, but is not limited to, decisions related to matters related to Additional Safeguard Policy or COE flexibilities, implementation decisions, including material changes to assurance arrangements that could significantly increase the programmatic, fiduciary or reputational risks, or risks that transcend their portfolio and have implications for the Global Fund or other portfolios.

A.4.2. Key Issues Meeting (KIM).

43. The KIM is a mechanism for the CT and second line functions to review the portfolio performance, the prioritized risks, KMAs and assurance activities. It provides input and feedback to the CT on the portfolio risk assessment articulated through the draft CRMM. The KIM also provides an opportunity to undertake a cross-functional and transversal review of root causes and drivers of risk, such as fraud risks consistent with the Global Fund [Policy to Combat Fraud and Corruption](#) (PCFC), and [Value for Money](#).
44. KIMs are held in advance of all CPR meetings to provide general inputs and guidance to the CT based on the draft CRMM. The KIM can be held to review a CRMM and/or focus on key issues and operational plans. This decision is made by the KIM Co-Chairs, in consultation with second line functions (see the KIM ToRs for additional information) based on the evolution of the portfolio risk.

²⁵ Executive sessions provide a platform for focused discussions on thematic issues and decision-making on critical country issues of particular importance to Global Fund impact and strategy, including crisis situations.

²⁶ A risk trade-off decision refers to the process of choosing between different courses of action, each of which has different levels or types of risk. The decision-making process involves evaluating the potential benefits and detriments of each option and deciding which level and type of risk is most acceptable given the circumstances.

A.5. Risk management across the grant life cycle



45. This section outlines the critical milestones across the grant life cycle where risk analysis feeds directly into grant life cycle processes. While the milestones described below are standard, there will also be specific issues that arise during the grant life cycle that will require the use of risk analysis, thus underscoring the principle of ongoing risk management and ensuring appropriate actions are taken in a timely manner.
46. The requirements are described in detail in the Country Risk Management Operational Procedures (link forthcoming). Below are the risk requirements at each stage of the grant life cycle.

Grant Life Cycle Process and Milestone	Risk-related Requirements
Funding Request	
Country Dialogue	<ul style="list-style-type: none"> For High Impact and Core portfolios, the CT provides the applicant with the Secretariat's view of key risks relevant to the disease/RSSH component to facilitate the development of the funding request at the beginning of the country dialogue process. Applicants will then be required to describe how they will directly address these risks in the funding request.
Review of Funding Request	<ul style="list-style-type: none"> In the Secretariat Briefing Note, CTs in High Impact and Core portfolios, in consultation with relevant second line functions, document their analysis of the applicant's proposed actions to address key risks shared during country dialogue and highlight gaps not addressed in the funding request by the applicant that will need to be addressed during grant-making.
Capacity Assessment of PR	<ul style="list-style-type: none"> For all portfolios, where a proposed PR formally submitted by the applicant meets the criteria for requiring a Capacity Assessment (CA), the CT uses IRM to tailor a CA for the LFA to complete an assessment of the proposed PR. The CT shall complete the CA prior to the receipt of the TRP recommendations. In exceptional circumstances when it cannot be completed by that time, it must be completed as quickly as possible to be able to inform the grant-making process.
Grant-making	
Identify Residual Risks and Mitigating Actions	<ul style="list-style-type: none"> CTs for High Impact and Core portfolios shall work with CCMs and implementers to ensure that critical risks to the achievement of grant objectives are addressed to the extent possible, and that appropriate controls and mitigating actions are put in place for residual risks that cannot be addressed within the grant-making period. CTs initiate planning of strategic assurance activities in IRM for the full implementation period. These are finalized at the start of grant implementation and updated on an annual basis prior to LFA budgeting exercise.

	<ul style="list-style-type: none"> High Impact and Core portfolios will complete their risk assessment in IRM of residual risks not addressed during grant-making. This includes ensuring all risks are rated, root causes are identified, and KMAs and assurances are documented. Second line functions review IRM and advise CTs if they are aligned or not with their assessment of residual risks and planned mitigating actions and assurances.
Complete Grant-making Final Review Form	<ul style="list-style-type: none"> High Impact and Core portfolios include the residual risks, root causes and KMAs from IRM in the Grant-making Final Review Form (GMFRF) for presentation to the Grant Approval Committee (GAC) - a mandatory step before GAC submission. Completion of the risk assessment in IRM forms the basis of the Risk Department's "no objection" review within 48 hours of receipt of GMFRF to ensure that: <ul style="list-style-type: none"> all key risks related to grant objectives have been identified and appropriately prioritized; KMAs are adequate to manage the risks at an acceptable level; and appropriate strategic assurance mechanisms for the implementation period are identified. In line with the GAC Terms of Reference, an element of the GAC review and approval of the grant is the acceptance of the residual risks and the mitigation strategy to be actioned during grant implementation.
Grant Implementation	
Portfolio Oversight by Second Line and Senior Management	<ul style="list-style-type: none"> Quarterly IRM Review: IRM is a dynamic risk management tool designed to be updated on an ongoing basis throughout grant implementation to reflect changes in country and implementation contexts based on recent partner or other assurance provider reports, and on the status of implementation. On a quarterly basis, Risk Specialists and relevant second line focal points will be notified of changes made by CTs of High Impact and Core portfolios during the previous quarter for review and provide comments, if needed. Notifications are based on a predefined set of triggers.²⁷ Annual Country Risk Management Memorandum: On an annual basis,²⁸ the CT of High Impact and Core portfolios will initiate a CRMM review and approval process in IRM once fully updated by the CT across all risk areas.²⁹
PR reporting	<ul style="list-style-type: none"> PU and PU/DRs provide an opportunity for CTs to get a comprehensive update by the PR and LFA (if applicable) on the status of mitigating actions assigned to the PR as well as the identification of any new issues during the reporting period that may impact the program's ability to achieve grant objectives.

²⁷ See the Country Risk Management Operational Procedures for details of the triggers and how the review process functions.

²⁸ A CRMM due date is set annually at the beginning of each calendar year in the IRM Admin module based on written agreement with the CT and relevant DH. The CRMM due date is typically on the anniversary of the previously approved CRMM but can be adjusted to portfolio priorities or other milestones (i.e., the start of an OIG Audit or a CPR presentation to the PPC).

²⁹ See the Country Risk Management Operational Procedures for details of what must be completed and the review and approval process for the CRMM.

	<ul style="list-style-type: none"> The Performance Letter sent to the implementer shall include (at a minimum) the list of prioritized risks, mitigating actions and timelines relevant to the implementer.
Annual Funding Decisions (AFD)	<ul style="list-style-type: none"> For High Impact and Core portfolios, the CT will ensure that the risk section of the AFD is updated with the most current risk information available to the CT, including: <ul style="list-style-type: none"> all risks related to key grant objectives relevant to the activities being funded have been identified and appropriately prioritized and rated; mitigation measures are adequate to manage the risks at an acceptable level; and appropriate assurance mechanisms are planned. If the Risk Specialist does not raise an objection within 48 hours of receipt of the annual decision-making form (ADMF), their agreement with the risk analysis is assumed. If an objection is raised and not resolved in a timely manner, the issue is escalated to the next management level.
Revisions	<ul style="list-style-type: none"> Grant revision requests are opportunities for CTs to assess progress made to manage key risks during grant implementation and update IRM if required to address any new risks emanating from programmatic or budgetary adjustments. For material³⁰ programmatic revisions requests in High Impact and Core portfolios, the Risk Specialist and/or relevant second line oversight function will provide input on the identification and prioritization of the grant's risks and the adequacy of mitigating actions and assurance activities to the CT.
Closure	
Implementation Period (IP) Reconciliation and Grant Closure	<ul style="list-style-type: none"> For IP reconciliation cases (i.e., grant continues with the same PR for the next implementation period), it is critical that the residual risks not mitigated during the previous IP are documented by CTs and carried forward into the new grant IP (if relevant). In cases where the PR is being replaced, risks that remain relevant to the new grant or PR (i.e., supply chain, data quality, or accessibility issues, etc.) are transferred from the previous grant to the new grant. For High Impact and Core portfolios, CTs inform their Risk Specialist when this has been completed for their review and alignment to close the grant in IRM and remove it from the Risk Tracker.

B. Specific Multicountry Considerations

The standard approach defined above also applies to multicountry portfolios and grants.

³⁰ This covers programmatic revisions requiring TRP review.

Annex 1. Requirement Levels by Portfolio Category

Deliverables		Requirement by Portfolio Category			
		HI & Core	Focused		
			Aligned	Targeted	Light
Funding Request					
Portfolio Risk Assessment shared with CCM or RCM applicant	CT prepares a summary of the key risks facing the portfolio sourced from IRM related data and shares with the CCM or RCM (and other in-country stakeholders as determined appropriate by the CT).	R	BP ³¹		
Completed SBN – Risk Section	Risk section of SBN completed, highlighting gaps between the Secretariat risk assessment compared to what was submitted by the CCM or the RCM in the Funding Request, and what the CT is proposing needs to be addressed during grant-making to mitigate the residual risks.	BP	-		
Completed Capacity Assessment	Using IRM, complete capacity assessment of new PR or the existing PR undertaking new activities	R	R		
Grant-making					
Residual Risks, Mitigating Actions and Assurance Activities identified	Residual risks, mitigating actions and assurance activities defined and captured in the IRM module, including rating of all risks	R	-		
Completed GMFRF – Risk Section	Capacity Assessment (when required) and IRM completed for grants under review with details captured in Annex 4 of the GMFRF.	R	-		
Grant Implementation					

³¹ The discussion of risks is included in the Portfolio Analysis for Focused Portfolios.

Assurance activities planned	Strategic level assurance plan for the implementation period completed in IRM.	R	-
IRM Updated	Update IRM as information becomes available to CTs throughout the grant life cycle. ³²	R	-
Thematic Capacity Assessment	Conduct a risk-based thematic capacity assessment review of core implementation capacities for continuing PRs for prioritized risks consistently rated 'High' or 'Very High' where better understanding of challenges in capacity would help unblock implementation.	BP	-
Completed Quarterly IRM Review	Quarterly review of updates in IRM by second line oversight functions.	R	-
PR Reporting	KMAs and mitigating actions status update by PR, LFA (if applicable) and CT	R	-
Annual Funding Decisions: Risk Section Updated	Review of the status of prioritized risks and the effectiveness of mitigating actions put in place to address them based on the outcomes of assurance activities.	R	-
Completed Annual CRMM	Approval of the annual CRMM.	R	-
Grant Revision: Material Programmatic Revision	CT to review and (if required) update of IRM following Material programmatic revisions in consultation with Risk and relevant second line oversight function.	R	-
Closure			
Grants in IRM closed	KMAs and assurance activities are closed at the end of an IP or transferred (if applicable) to grant continuing in the next IP.	R	-

Level of Requirements:

R	Required
BP	Best Practice
-	Not Required

³² This can be informed by changes to the country context, updates received from progress reports, assurance and audit reports, mission reports, or other sources of information.

Annex 2. Country Risk Management Framework

Risk	Sub-risk	Responsible Second Line	
HIV Program Quality	Program Design & Relevance	Technical Advice and Partnerships (TAP)	
	Program Implementation and Efficiency		
TB Program Quality	Program Design & Relevance		
	Program Implementation and Efficiency		
Malaria Program Quality	Program Design & Relevance		
	Program Implementation and Efficiency		
RSSH and Pandemic Preparedness	Laboratory Systems	TAP	
	Human Resources for Health		
	Community Systems and Responses		
M&E	Data Governance & Management	Program Monitoring Department (PMD)	
	Data Generation, Availability & Quality		
	Data Analysis and Use		
Human Rights and Gender Equality	Human Rights	Community, Rights and Gender (CRG)	
	Gender Equality		
Procurement	Quantification: Forecasting & Supply Planning	Supply Operations (Planning and Procurement)	Accounting and Fiduciary Risk Oversight (AFRO)/Grant Finance Managers (GFM)
	HP Procurement Processes and Outcomes		
	Non-HP Procurement Processes and Outcomes		
In-Country Supply Chain	HP Warehousing Systems	Supply Operations (Supply Chain)	
	HP Distribution Systems		
	HP Information Systems		
Quality of Health Products	Pre-Market Approval and Registration	Supply Operations (QA Policy and Governance)	
	Post-Market Approval and Use		
Grant-Related Fraud and Fiduciary	Flow of Funds Arrangement	Accounting and Fiduciary Risk Oversight (AFRO)	
	Internal Controls		
	Financial Fraud, Corruption & Theft		
	Value for Money – Financial Management		
Accounting & Financial Reporting	Accounting & Financial Reporting	Accounting and Fiduciary Risk Oversight (AFRO)	
	Auditing Arrangements		
In-Country Governance	Health Sector Governance	GMD (GPS)	
	National Program Governance		
	PR Governance		
	Implementation Effectiveness		
	CCM Governance		
Health Financing	Domestic Health Financing and Co-Financing	Health Financing Department	
	Sustainability & Efficiency		

