

## Country Risk Management

**Approved on:** 6 November 2023; Updated 17 June 2026  
**Approved by:** Executive Grant Management Committee  
**Process Owner:** Ethics and Risk Department

### Process Metrics for Country Risk Management

First 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.

### Process Objectives

1. The Country Risk Management process establishes how the Global Fund identifies, manages, and oversees risks to the achievement of grant objectives:
  - Ensure risks to grant objectives are systematically identified, assessed, prioritized, and managed throughout the grant lifecycle.
  - Enable Country Teams (CTs) and Secretariat functions to implement proportionate mitigating actions, controls, and assurance activities aligned with the organization's risk appetite.
  - Ensure risk information is consistently documented, monitored, and escalated using standardized tools (e.g., IRM, CRMM) to support management review and decision-making.
  - Support the Enterprise Risk Management Framework by consolidating and reporting country-level risks to inform oversight for senior management and governance bodies.
2. The Global Fund delivers programs to fight HIV, tuberculosis, and malaria across diverse and often challenging operating environments, including humanitarian settings and countries with limited health system capacity. Grant implementation involves multiple stakeholders with varying programmatic, financial, and managerial capabilities.
3. Risk<sup>1</sup> is inherent to the Global Fund's operations. Achieving its mission requires taking informed risks and managing trade-offs between programmatic impact and fiduciary, ethical, and integrity considerations.
4. In-country stakeholders, including implementers, partners, and Country Coordinating Mechanisms (CCMs)<sup>2</sup>, manage risks on a day-to-day basis and directly influence grant outcomes. CTs work with these stakeholders to align and coordinate risk management efforts across the grant lifecycle, supporting:
  - i. Clear accountability and a consistent approach to risk management;

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<sup>1</sup> Risk is the probability of an event occurring and the consequences if it happens. 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.

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

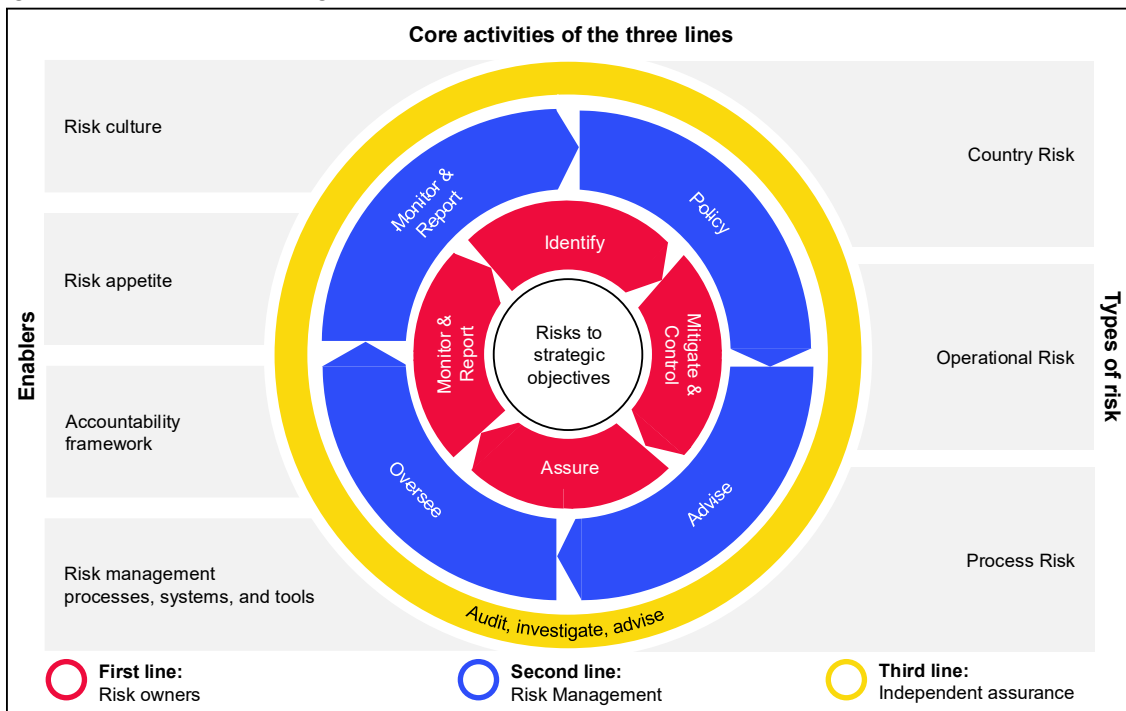
- ii. Systematic identification, prioritization, mitigation, and escalation of key risks;
- iii. Effective advice, oversight, and monitoring to strengthen risk management practices; and
- iv. Informed risk trade-off decisions by management.

## 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 Statements<sup>3</sup>, 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,<sup>4</sup> 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.

### The Enterprise Risk Management Framework

Figure 1. The core risk management activities of each line, including enablers and types of risk managed, are illustrated using the ‘three lines’ model.<sup>5</sup>



8. The Global Fund employs a ‘three lines’ 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

<sup>3</sup> [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](#)). Note the Risk Appetite Framework will be updated in the 2<sup>nd</sup> half of 2026.

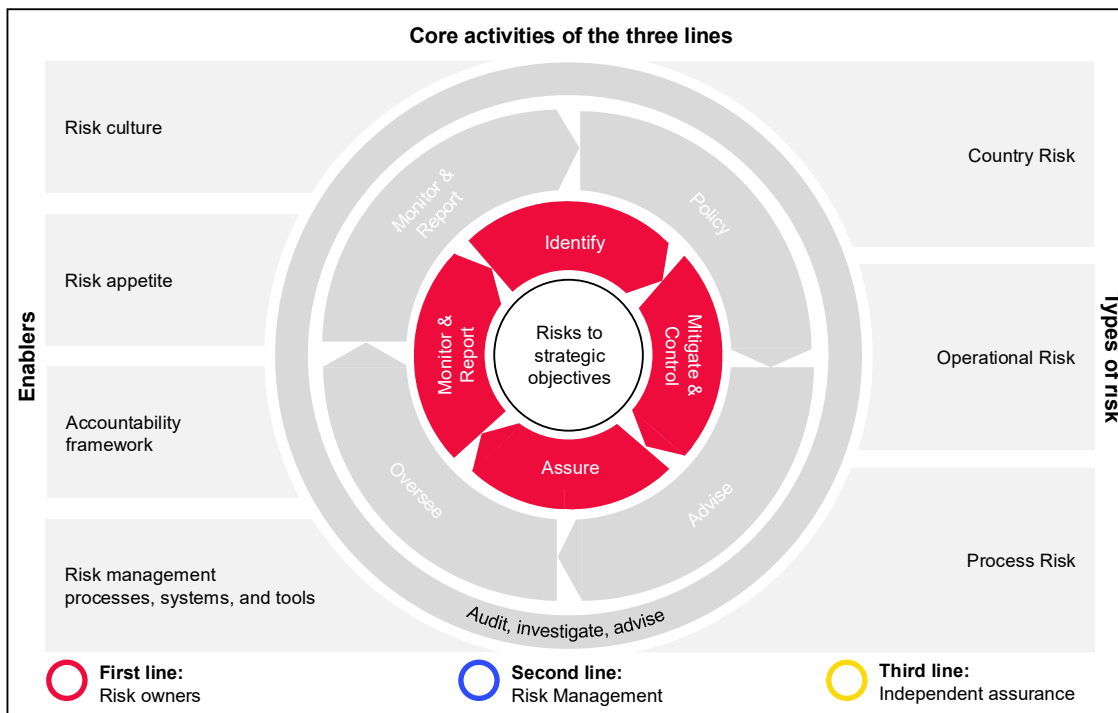
<sup>4</sup> This OPN only addresses grant facing country risks. See the Operational Risk Management Procedure and the Business Process Oversight Procedure documents for additional information on these risk types.

<sup>5</sup> Institute of Internal Auditors (2020). *The IIA’s Three Lines Model: An Update of the Three Lines of Defense*.

activities, as outlined in Figure 1.<sup>6</sup> The activities of all three lines are underpinned by a common set of enablers<sup>7</sup>, and the way in which these activities are executed varies by risk type.

9. The core activities of all three lines are ongoing and underpinned by continuous communication and coordination across, and between, all lines. The Global Fund Board, through its standing committees, is responsible for overseeing the implementation of effective risk management across all three lines.

## First Line



10. The First Line is responsible for risk management activities and accountable for identifying, assessing, managing, and monitoring those risks, and for implementing and maintaining appropriate controls and mitigation measures on a day-to-day basis. In the context of Country Risk Management<sup>8</sup>, the **First Line is the Country Team**, supported and managed through GMD and other relevant First Line management structures.<sup>9</sup> CTs are responsible for individual portfolios and for delivering core risk management activities. They own and manage country risks on a day-to-day basis, while First Line Managers provide supervision, guidance, and review within the First Line.
11. Technical teams<sup>10</sup> provide subject-matter expertise to support the First Line in designing, implementing, and continuously improving grants and operational processes. They develop and help apply risk and assurance policies, standards, guidance, and tools within their domains, while advising on Grant-making, implementation, performance, and mitigation of risks across the grant lifecycle. Oversight and challenge are provided by the Second Line (Risk), with independent assurance delivered by the Third Line (Independent Assurance).

<sup>6</sup> In addition to the organization's three lines model, 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.

<sup>7</sup> For a detailed description of the key enablers of the risk management framework, see the Enterprise Risk Management Framework.

<sup>8</sup> 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. See the Enterprise Risk Management Framework for additional details.

<sup>9</sup> First Line Managers include Grant Finance Managers (GFMs), Health Product Management (HPM) Managers, and Public Health and Monitoring and Evaluation (PHME) Managers.

<sup>10</sup> Technical teams include Technical Advice and Partnerships (TAP), Community, Rights and Gender (CRG), Supply Operations (Planning and Procurement, Supply Chain, and Quality Assurance, Policy and Governance), Grant Management Division – Grant Portfolio Solutions and Support (GMD GPS) for ASP, COE, high and very high risk portfolio, Financial Accounting and Treasury Operations (FATO), and Legal and Governance Division (LGD).

12. Grant-specific risks, as well as corresponding controls, mitigating actions, and assurances, are systematically identified, prioritized, and tracked by CTs in HI and Core portfolios using the Integrated Risk Management (IRM) module in the Grant Operating System (GOS).<sup>11</sup>
13. While most of the specific processes and deliverables set out in this OPN do not apply to Focused portfolios unless explicitly stated, this does not remove the requirement to manage risk. For Focused portfolios, responsibility and accountability for risk management remain within the First Line. This includes identifying risks, implementing proportionate mitigating actions and controls, obtaining appropriate assurance, and monitoring and reporting on risks throughout the grant lifecycle.

### **Risk identification and prioritization**

14. CTs identify the risks that can prevent the grant from achieving its objectives. For HI and Core portfolios, CTs rate the risk considering the likelihood of the risk event materializing, and its expected impact or severity should it occur. This is done using a standardized methodology in IRM to determine a grant's risk rating, as per the sub-risks included in IRM.
15. As part of dynamic risk management, CTs in HI and Core portfolios must also carry out risk assessments<sup>12</sup> at the grant level and update IRM as information becomes available to CTs throughout the grant life cycle.<sup>13</sup>

### **Risk mitigation and control**

16. Based on risk identification, CTs, in collaboration with implementers and country stakeholders, as appropriate, design, plan and facilitate implementation of prioritized mitigating actions<sup>14</sup> and controls that will reduce the likelihood of a risk event materializing, or its impact should it occur.
17. The risk assessment is not expected to document all known root causes and potential mitigating actions within IRM. The assessment rigorously prioritizes and focuses the efforts of CTs and implementers on key actions that will have the most impact on reducing the risk. Prioritized root causes identified for risks rated High or Very High have prioritized mitigating actions to manage the sub-risks to an acceptable level.
18. Not all risks can be fully mitigated and, in some cases, it can be necessary to accept that a risk can materialize. In instances where CTs consider the Global Fund's ability to mitigate or control the risk is low, they can propose alternative risk management strategies to transfer, accept or avoid risks (see the Mitigating Action Instructions document outlining best practices on strategies to address risks).

### **Risk Assurance**

19. Assurance activities are independent and objective evaluations that assess whether controls and mitigating actions designed to manage identified risks are properly implemented and working as intended. Assurance activities form part of the Secretariat's risk management framework and are distinct from advisory, technical assistance, or implementation support activities. Comprehensive portfolio-level assurance planning is required to be documented in IRM for HI 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

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<sup>11</sup> IRM is the system of record for country-level risk management and documentation of risk assessments, mitigating actions and assurance activities.

<sup>12</sup> Risk Assessment in the context of Country Risk Management means the completion and ongoing update of IRM.

<sup>13</sup> 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 is updated see the risk rating instructions included in IRM.

<sup>14</sup> Referred to here after as Key Mitigating Actions (KMAs).

much as an LFA's scope of work will be directly informed by activities prioritized within the assurance plan<sup>15</sup> or when triggered by specific events.

20. A capacity assessment provides assurance that a nominated PR has the necessary institutional capacity in critical areas to effectively implement the grants and achieve its objectives. During the Funding Request stage,<sup>16</sup> the CT initiates the required capacity assessment for:
  - i. New PRs;<sup>17,18,19</sup>
  - ii. PRs implementing Payment for Results (PfR) or Results Based Contracting (RBC) modalities for the first time;<sup>20</sup> or
  - iii. For HI and Core portfolios, existing PRs implementing new components or new major activities<sup>21</sup> for which they have not been assessed before.<sup>22</sup> The capacity assessment, when required, can be tailored for specific areas.
21. The scope of the assessment is risk-based and proportionate, focusing on core functional areas relevant to delivery of the grant.<sup>23</sup> CTs submit the completed assessment and their recommendation to the RM/DH<sup>24</sup> for final approval of the nominated PR. Where material capacity gaps prevents effective implementation, the PR is not approved and the CCM is required to propose an alternative PR.
22. PRs are responsible for assessing the capacity of sub-recipients (SRs) and other implementers. For comprehensive best practice guidance on assurance planning, refer to the Assurance Activity Instructions.

### Monitoring and reporting

23. CTs, 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.
24. As part of reporting requirements, HI and Core portfolios submit a comprehensive risk assessment<sup>25</sup>, the 'Country Risk Management Memorandum' (CRMM) within the first six months of the implementation period start date to address issues raised during Grant-making and GAC review for review and approval. For Years 2 and 3 of implementation, Risk will determine, on a differentiated basis, which portfolios are required to submit a CRMM, informed by the portfolio's risk profile. This determination can consider factors such as portfolios with risks rated High or Very High, significant

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<sup>15</sup> Planning and documenting Assurance Activities in IRM 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.

<sup>16</sup> In exceptional cases, where a capacity assessment requires more time, this must be completed as soon as possible during Grant-making.

<sup>17</sup> Including Lead Implementers when the PR is considered a 'pass through' or 'pay through' PR.

<sup>18</sup> When required, the capacity assessment for Focused portfolios is undertaken through a PR self-assessment and an LFA assessment if the self-assessment indicate major risks.

<sup>19</sup> When streamlining implementation arrangements, such as consolidating grants when two or more components are managed with a single PR, a targeted thematic assessment of the PMU arrangements can be considered to ensure appropriate structure and capacity is in place to manage all the consolidated components.

<sup>20</sup> A thematic (tailored) capacity assessment is required when Payment for Results (PfR) or Results-based Contracting (RBC) are used for the first time. This is to ensure the Global Fund Secretariat has sufficient assurance on the internal controls and their effectiveness (see Annex on Adjustments to Deliverables for RBF Grants – forthcoming).

<sup>21</sup> Major new activities can introduce new or increased risks to the grant. The following are examples of potential triggers:

i) Significant changes in the scale of the program (e.g., expanding from covering 2 states to 10 states), ii) Introduction of new modules for which the PR has not previously been assessed (e.g. Community Systems Strengthening, Case Management, etc.), iii) PRs with no or limited past experience in specific activities (i.e., procurement of non-health products, procurement, etc.) taking over such tasks, or iv) PRs with recurrent performance issues.

<sup>22</sup> Outside of these situations, a CT can also conduct a capacity assessment (i) where the use of country public financial management (PFM) systems for grant financial management is intended for sustainability and aid effectiveness purposes; and (ii) for an existing PR or select SRs if necessary to manage risks, as contemplated under the [OPN on Additional Safeguards Policy](#).

<sup>23</sup> The depth and breadth of the capacity assessment shall be commensurate with the materiality, complexity, and risk profile of the activities being implemented. The scope of the assessment shall be documented and justified based on risk.

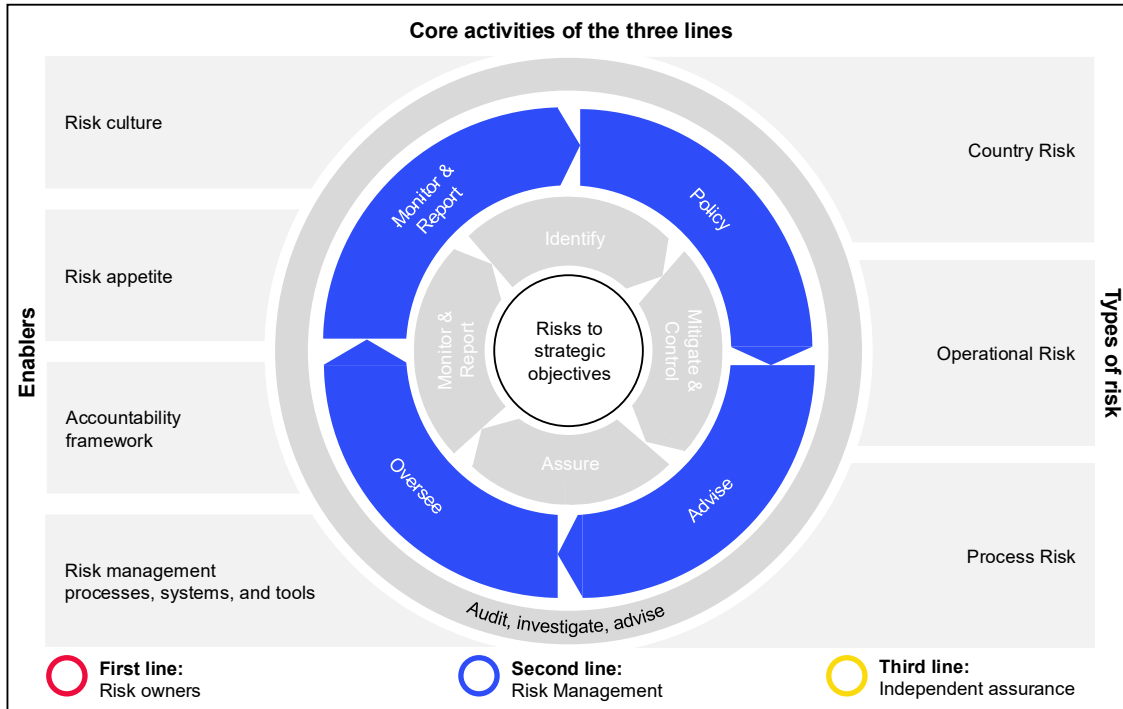
<sup>24</sup> For portfolios in High Impact Departments.

<sup>25</sup> Relevant Technical Specialists (High Impact and Core) updates their respective risk areas in IRM, including the risk ratings, target risk and rationale, risk statement, root causes, mitigating actions and assurance activities. The FPM (or DFM if applicable) reviews overall completeness, quality and accuracy and submits the CRMM for review and approval in IRM.

changes in the operating environment, persistent implementation bottlenecks, delays in the implementation of mitigating actions, or where additional senior management oversight is warranted.<sup>26</sup>

25. 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, are escalated for senior management acceptance based on agreed thresholds (see CRMM and Portfolio Performance Committee (PPC) sections below for approval of risk appetite decisions).

## Second Line



26. The Risk function serves as the Secretariat’s Second Line for country-facing risk management, providing independent oversight, guidance, and challenge to ensure that risks are effectively identified, assessed, and managed by the First Line in line with the organization’s risk appetite and established frameworks. Risk does not own or manage risks directly but supports, reviews, and challenges the First Line in the execution of its risk management responsibilities. The specific roles performed by Risk in this capacity are set out paragraphs 27 to 33 below.

### Policy development

27. Risk, in coordination with technical teams and First Line functions, develops risk management frameworks, tools and guidelines<sup>27</sup> to embed risk management into Secretariat processes across the grant life cycle. This enables systematic and consistent risk management by both the First and Second Lines.

### Advice

28. Risk, as the Second Line, provides risk management technical guidance to the First Line to strengthen the identification, assessment, prioritization, and management of country-facing risks. Risk supports the First Line teams, in applying the principle of differentiation, to enhance the quality of risk identification, root cause analysis, design of mitigating actions and controls, and the robustness of

<sup>26</sup> See the Governance section for more details on the requirement to submit an annual CRMM for approval.

<sup>27</sup> In the context of Country Risk, this can include standards, technical briefs, application guidance materials, grant related requirements and expectations, assurance handbook, etc.

assurance activities. Insights derived from oversight and monitoring activities are used to continuously refine risk management standards, tools, and guidance at the organizational level.

## Oversight

29. As the Second Line function, Risk supports and ensures 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.<sup>28</sup> In agreement with Regional Manager/Department Head and the Deputy CRO, Risk can also request additional third party assurance, or carry out independent risk-based interventions to obtain additional assurance on the progress of implementation.<sup>29</sup>

## Monitor and report

30. Risk monitors 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,<sup>30</sup> Risk triangulates the assessment of risk levels and trajectories by the First Line and identify emerging thematic risks and issues.

31. Within Country Risk Management, the First Line in HI and Core portfolios are responsible for maintaining and updating country and grant-level risks in IRM on an ongoing basis, using the defined risk taxonomy. These country-level risks are aggregated to generate portfolio-level risk ratings at the risk category level. The aggregated portfolio risk data is then incorporated into the Organizational Risk Register (ORR), alongside non-grant-facing risks managed under the broader Enterprise Risk Management Framework. Risk consolidates and reports this information to provide an integrated view of risk exposure across country-facing and other organizational risks.

32. Risk's independent analyses are derived from its risk oversight function and contribute to the Chief Ethics and Risk Officer's (CERO's) Annual Assurance Opinion to the Board and its standing committees.

33. Risk is also periodically requested to report to the PPC<sup>31</sup>, 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.

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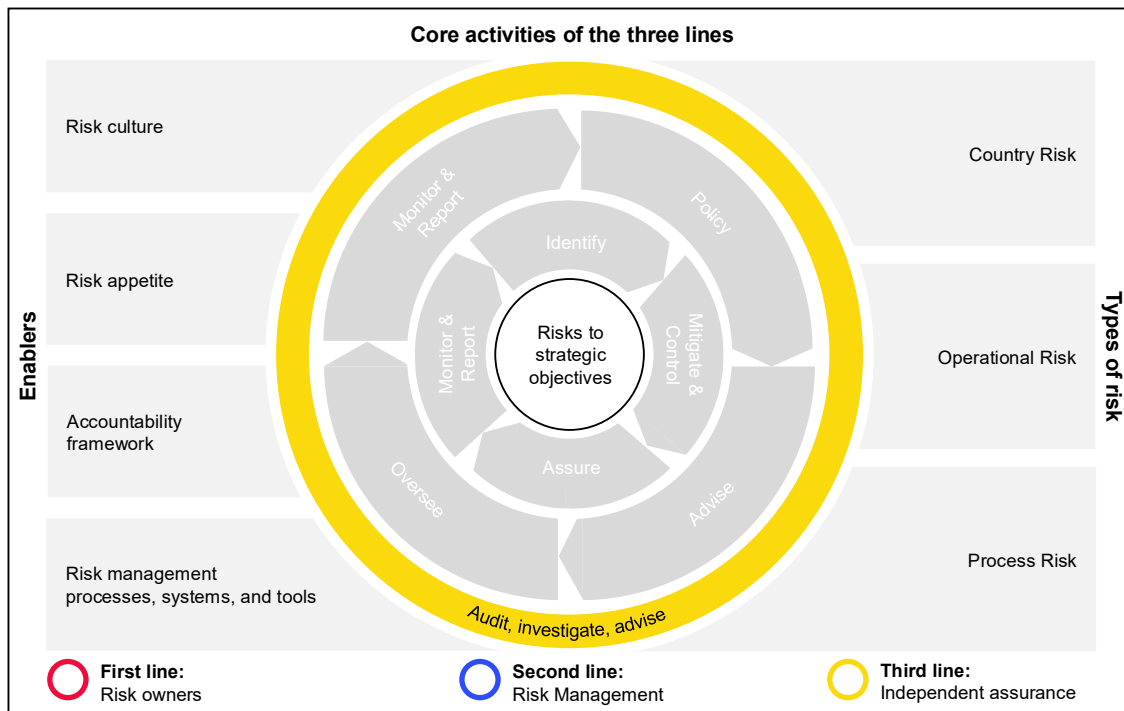
<sup>28</sup> Second Line oversight takes place across the grant life cycle and is documented in detail in the Country Risk Management Operational Procedures. The main platform through which oversight is provided is through IRM, which includes Grant-making reviews, IRM reviews, CRMM reviews, capacity assessments, but also via other forums such as PPC.

<sup>29</sup> Independent risk-based interventions can 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.

<sup>30</sup> Including strategic and thematic evaluations led by the Evaluation Unit.

<sup>31</sup> 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.

## Third Line



34. The Third Line is the Global Fund’s independent assurance functions and includes the Office of the Inspector General (OIG), the Independent Evaluation Panel (IEP)<sup>32</sup>, as well as other providers such as external auditors as engaged from time to time.

35. 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.

## Governance of risk management

36. 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.<sup>33</sup>

## Portfolio Performance Committee (PPC)

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

38. The PPC can conduct an Executive PPC<sup>34</sup> to follow up on agreed high priority CPR actions or to respond to urgent and/or specific issues as these arise.

39. 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

<sup>32</sup> 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.

<sup>33</sup> Refer to the TORs for the various Management Committees on mandate and responsibilities

<sup>34</sup> 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.

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.

- 40. 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.<sup>35</sup>
- 41. 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.
- 42. The PPC, as part of its responsibility for implementation oversight, actively makes risk trade-off decisions<sup>36</sup> within the Secretariat and ensures alignment between these decisions and the risk appetite framework set by the Board.
- 43. 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 can include, but is not limited to, decisions related to Additional Safeguards Policy (ASP) or COE flexibilities, implementation decisions, including material changes to assurance arrangements that can significantly increase the programmatic, fiduciary or reputational risks, or risks that transcend their portfolio and have implications for the Global Fund or other portfolios.

**Key Issues Meeting (KIM)**

- 44. The KIM is a mechanism for CTs and Risk to review the portfolio performance, the prioritized risks, KMAs and assurance activities. It provides input and feedback to CTs 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](#) and [Value for Money](#).
- 45. KIMs are held in advance of CPR meetings to provide general inputs and guidance to CTs based on the draft CRMM. The KIM can be held to review a CRMM and/or focus on key issues and operational plans based on the evolution of the portfolio risk (see the KIM ToRs for additional information).

**Risk management across the grant life cycle**



- 46. 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.
- 47. The requirements are described in detail in the [Operational Procedures on Country Risk Management](#). Below are the risk requirements at each stage of the grant life cycle.

<sup>35</sup> For portfolios required to do a CRMM in a given year but are not prioritized for PPC review, internal management review and endorsement is provided by the relevant RM/DH and DCRO, with final submission approved by the Head GMD and CERO.

<sup>36</sup> 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.

Grant Life Cycle Process and Milestone	Risk-related Requirements (Unless Focused Portfolios are specifically mentioned, the requirements below apply only to High Impact and Core portfolios)
<b>Funding Request</b>	
<b>Country Dialogue</b>	<ul style="list-style-type: none"> <li>• CTs provide their initial risk assessments including key risks, implementation and capacity issues identified during the previous IP that can be mitigated during the Funding Request and/or through grant design.</li> <li>• CCMs are required to describe how they will directly address these risks in the funding application (if applicable).</li> </ul>
<b>Review of Funding Application</b>	<ul style="list-style-type: none"> <li>• In the Secretariat Briefing Note (if applicable), CTs document their analysis of the CCM's proposed actions to address key risks shared during country dialogue and highlight gaps not addressed in the funding application that need to be addressed during Grant-making.</li> </ul>
<b>Capacity Assessment of PR</b>	<ul style="list-style-type: none"> <li>• Refer to paragraph 19 on Assurance for detailed requirements of capacity assessments.</li> </ul>
<b>Grant-making</b>	
<b>Identify Residual Risks and Mitigating Actions</b>	<ul style="list-style-type: none"> <li>• CTs, including Focused portfolios, 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 during Grant-making. At the start of Grant-making, CTs may engage with Risk and technical teams to gather inputs on critical risks, risk trade-offs and key mitigating actions to consider during grant design<sup>37</sup></li> <li>• CTs initiate planning 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.</li> <li>• CTs are encouraged to update IRM and submit for Grant-making review as soon as grant negotiations are completed and prior to submission of the Grant Making Final Review Form (GMFRF) to allow for timely review by First Line Managers (FLMs) and Thematic Risk Leads (TRLs). This includes ensuring all risks are rated, root causes are identified, and KMAs and assurances are documented.</li> <li>• FLMs and TRLs review IRM on a differentiated and prioritized basis and advise CTs on their assessment of residual risks and planned mitigating actions.</li> </ul>
<b>Complete Grant-making Final Review Form</b>	<ul style="list-style-type: none"> <li>• CTs indicate in the GMFRF if IRM has been updated and if not, indicate why the mandatory step was not completed and by when it will be fully updated. All portfolios, including Focused portfolios, must indicate if a Capacity Assessment was completed when the criteria triggering an assessment was met by the grants being submitted for review.</li> <li>• CTs completion of the risk assessment in IRM forms the basis of Risk's assessment to GAC to ensure that: <ul style="list-style-type: none"> <li>○ all key risks related to grant objectives have been identified and appropriately prioritized;</li> <li>○ KMAs are adequate to manage the risks at an acceptable level; and</li> <li>○ appropriate strategic assurance mechanisms for the implementation period are identified.</li> </ul> </li> <li>• In line with the GAC ToR, 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.</li> </ul>
<b>Grant Implementation</b>	

<sup>37</sup> Following the process being developed for functional teams to provide early inputs to CTs at the start of Grant-making.

<b>Portfolio Oversight by Second Line and Senior Management</b>	<b>CRMM:</b> Refer to paragraph 24 on Monitoring and Reporting for detailed requirements of CRMMs.
<b>PR reporting</b>	<ul style="list-style-type: none"> <li>• 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 can impact the program’s ability to achieve grant objectives.</li> <li>• The Performance Letter sent to the implementer includes the list of prioritized risks, mitigating actions and timelines relevant to the implementer.</li> </ul>
<b>Annual Funding Decisions (AFD)</b>	<ul style="list-style-type: none"> <li>• CTs ensure that the risk section of the ADMF is updated with the most current risk information available to CTs, including: <ul style="list-style-type: none"> <li>○ all risks related to key grant objectives relevant to the activities being funded have been identified and appropriately prioritized and rated;</li> <li>○ mitigation measures are adequate to manage the risks at an acceptable level; and</li> <li>○ appropriate assurance mechanisms are planned.</li> </ul> </li> </ul>
<b>Revisions</b>	<ul style="list-style-type: none"> <li>• Programmatic Revisions requiring TRP review 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.</li> </ul>
<b>Closure</b>	
<b>Implementation Period (IP) Reconciliation and Grant Closure</b>	<ul style="list-style-type: none"> <li>• For IP reconciliation and Grant Consolidation 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).</li> <li>• 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.</li> <li>• Once this has been done for all risk areas, the FPM (or DFM if applicable) confirms the MAs and Assurance Activities have been appropriately closed or transferred and informs Risk to ‘close’ the grant in IRM, removing it from the list of grants showing within the Geography.</li> </ul>

## B. Specific Multicountry Considerations

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

## Annex 1. Deliverables by Portfolio Category

Deliverables		Requirement by Portfolio Category			
		HI & Core		Focused	
		A	T	Li	Le <sup>38</sup>
Deliverable	Sub-deliverable				
<b>Funding Request</b>					
Portfolio Risk assessment shared with CCM		R	BP <sup>39</sup>		
Completed SBN – Risk Section		R	-		
Completed Capacity Assessment if applicable	i. new PR	R			
	ii. PRs implementing PfR or RBC modalities for the first time	R			
	iii. existing PR undertaking new components or new major activities	R	-		
<b>Grant-making</b>					
Residual Risks with Mitigating Actions identified		R	R		
Completed GMFRF – Risk Section	Capacity Assessment (when required)	R			
	IRM completed for grants under review	R	-		
Completed Risk Assessment submitted to GAC	Risk submits strategic risk assessment to GAC of prioritized portfolios scheduled for review	R	-		
<b>Grant Implementation</b>					
Assurance activities planned		R	R		
IRM updated <sup>40</sup>		R	-		
Updated KMAs for PR Reporting		R	-		
Annual Funding Decisions: Risk Section updated		R	-		
Completed CRMM		R	-		
Updated IRM for Programmatic Revision requiring TRP review		R	-		
<b>Closure</b>					
Grants in IRM closed		R	-		

### Level of Requirements:

R	Required
BP	Best Practice
-	Not Required

<sup>38</sup> Discontinued from GC8.

<sup>39</sup> The discussion of risks is included in the Portfolio Analysis for Focused Portfolios.

<sup>40</sup> 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.