



United Nations Development Programme:
Partnership with the Global Fund and
Health Implementation Support

Annual Report 2016–2017



*Empowered lives.
Resilient nations.*

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Executive summary

UNDP's partnership with the Global Fund makes a powerful contribution to Agenda 2030 and the commitment to 'leave no one behind'.

In line with UNDP's mission to eradicate poverty and reduce inequalities and exclusion, and consistent with the HIV, Health and Development Strategy 2016–2021: Connecting the Dots, UNDP supports countries to implement large-scale health programmes—including reaching some of the most hard-to-reach populations and strengthening institutions to deliver essential services in challenging and high-risk country contexts.

In doing so, and in close collaboration with governments and partners, including UN agencies, UNDP helps build the resilience of health systems and the sustainability of health responses. This includes enhancing legal and policy environments to tackle the drivers of ill health and sustain health responses. It also includes environmental sustainability, through innovative initiatives that embed sustainability into procurement practices and promote the use of clean energy, while also reducing the carbon footprint of health facilities and enhancing their ability to withstand the effects of climate change.

This report covers the period April 2016 to June 2017. UNDP's total expenditure in support of implementation of health programmes, including Global Fund grants, agreements with governments for health-related procurement services and other health implementation support amounted to **US\$516 million** in 2016.

As interim Principal Recipient (PR) of Global Fund grants, UNDP manages 36 grants covering 19 countries and three regional programmes (covering another 27 countries). The partnership between the two organizations was further cemented in 2016 with the adoption of a new Framework Agreement that updates, improves and streamlines the terms of UNDP's engagement with the Global Fund, making it nimbler and further increasing the focus on effective implementation.

The development results of UNDP's partnership with the Global Fund are significant, not only in terms of health outcomes but also for their direct impact on the ability of individuals to live fuller and more productive lives, support their families, expand their choices and contribute to their communities, in turn generating broader socio-economic benefits for entire countries and regions. UNDP's partnership with the Global Fund has **helped save 2.5 million lives** to date, while 2 million people are currently on HIV treatment through UNDP-managed Global Fund grants. Zimbabwe has just reached 1 million people on HIV treatment, which constitutes a remarkable milestone and achievement in a challenging context, with measurable impact: life expectancy in Zimbabwe, which had declined starting in the 1980s to reach 41 years in 2003, increased to 61 years in 2015.

In line with its core mandate and role as a founding co-sponsor of the Joint United Nations Programme on HIV/AIDS (UNAIDS), UNDP also supports countries to promote enabling legal and policy environments for effective responses to HIV, and co-convenes activities to empower key populations, meet the HIV needs of women and girls, and stop sexual and gender-based violence (together with the United Nations Population Fund (UNFPA) and UN Women). The results achieved under UNDP's partnership with the Global Fund in this area make a measurable difference in removing barriers to accessing prevention, treatment and care services—including for key populations—and effectively fighting stigma and discrimination to enable more effective health outcomes.

Building on these results, and UNDP's experience in the highly specialized procurement of health products and equipment, increasingly governments are asking UNDP to support them with health procurement and capacity development services, using their own resources. UNDP is supporting governments with procurement and supply management (PSM) support services (outside of the scope of its partnership with the Global Fund), for a total value of **US\$585 million** in signed agreements. The primary focus of this procurement has been medicines and diagnostics for infectious diseases, but it also includes laboratory and hospital equipment. Increasingly, UNDP is also asked to procure medicines for non-communicable diseases. This is done as a complement to (and in some cases using) existing arrangements of other UN agencies.

In addition, UNDP supports governments to build resilient health systems and strengthen national procurement and supply chain systems, including through the provision of technical expertise to strengthen legal, policy and regulatory frameworks, improve procurement rules and regulations, support supply-chain information systems, and remove potential barriers to equitable access to affordable medicines.

This work complements UNDP's existing support under the partnership with the Global Fund, which strengthens the capacity of governments to manage sustainable health responses by strengthening national systems and supporting planning for transition of the PR role from UNDP to governments, and for governments to transition out of Global Fund support altogether.

To assist UNDP Country Offices (COs) implementing Global Fund grants, UNDP has created institutional mechanisms and modalities to provide end-to-end support, which can now be expanded and benefit other modalities of health implementation support. This includes rigorous use of audit findings and recommendations to provide guidance and tools for more effective implementation, robust risk management, including an early warning system to detect and mitigate risks, and CO-to-CO support to share lessons of

implementation and expertise across Global Fund grants managed by UNDP.

This Annual Report provides an overview of the status of the partnership between UNDP and the Global Fund, and of health implementation and capacity development services provided to governments beyond the Global Fund. It summarizes capacity development and other ongoing initiatives to strengthen the sustainability and resilience of health systems, and provides an overview of the results and performance of Global Fund grants managed by UNDP. Lastly, the report describes the work of the UNDP HIV, Health and Development Group's dedicated Global Fund/Health Implementation Support Team and support provided to UNDP's partnership with the Global Fund and the health implementation support work.

Abbreviations and acronyms

ASP	Additional Safeguard Policy	PFMS	Public Financial Management System
ART	Antiretroviral therapy	PMO	Provincial Medical Office
ARV	Antiretrovirals	POPP	Programme and Operations Policies and Procedures
CAR	Central African Republic	PR	Principal Recipient
CCM	Country Coordinating Mechanism	PSM	Procurement and supply management
CD	Capacity development	PV	Photovoltaic systems
CO	Country Offices	QA	Quality assurance
CO-CO	Country Office-to-Country Office	QC	Quality control
CSO	Civil society organization	SDG	Sustainable Development Goals
DR	Drug-resistant	SR	Sub-recipient
DRC	Democratic Republic of the Congo	STCs	Standard Terms and Conditions
HACT	Harmonized approach to cash transfers	TLE	Tenofovir-Lamivudine-Efavirenz
HHD/GF/HIST	HIV, Health and Development Group's Global Fund/ Health Implementation Support Team	UNFPA	United Nations Population Fund
IOM	International Organization for Migration	UNICEF	United Nations Children's Fund
LLIN	Long-lasting Insecticidal Net	WFP	World Food Programme
LMIS	Logistics Management Information System	WHO	World Health Organization
MDR-TB	Multi-drug-resistant tuberculosis		
ML	Management letter		
MSL	Medical Stores Limited		
MSM	Men who have sex with men		
MOH	Ministry of Health		
NFI	Net financial impact		
NGO	Non-governmental organization		
NOREPS	Norwegian Emergency Preparedness System		
OAI	Office of Audit and Investigations		
PAHO	Pan American Health Organization		



The scale-up of antiretroviral therapy in Zimbabwe since 2009 is estimated to have saved 290,000 lives. *Photo: © UNDP/AFP 2016*

I. Overview

Since the start of its partnership with the Global Fund in 2003, UNDP has supported the implementation of Global Fund grants in challenging country contexts (crisis and post-crisis countries, countries with governance challenges, countries under sanction, etc.). UNDP manages the grants using national systems, while activities are implemented by national, regional and local institutions, UN partners and civil society. In the process, UNDP also strengthens the capacity of governments with the aim of making health systems more resilient and sustainable, and to transfer full responsibility for the management of Global Fund grants when capacity and circumstances permit. UNDP also provides support to governments to promote legal, social and economic environments that protects people's rights and promote access to HIV, TB and malaria prevention, treatment, care and support services. This work is carried out in close coordination and collaboration with partners, leveraging the experience and expertise of UN agencies such as the United Nations Children's Fund (UNICEF), UNFPA, the World Health Organization (WHO), World Food Programme (WFP) and others, each of which plays a distinct role in ensuring health services are delivered effectively.

The partnership between UNDP and the Global Fund makes a vital contribution to the 2030 Agenda for Sustainable Development and the commitment to 'leave no one behind'. This includes contributing to achieve one target of goal 3 of the Sustainable Development Goals (SDGs) which is to end the epidemics of AIDS, TB and malaria by 2030, and other health-related targets. Reflecting the interconnectedness of the SDGs, the partnership also contributes to the realization of other SDGs, such as SDG 1 ('End poverty in all its forms everywhere'); SDG 5 ('Achieve gender equality and empower all women and girls'); SDG 10 ('Reduce inequality within and among countries'); SDG 13 ('Take

urgent action to combat climate change and its impacts’); SDG 16 (‘Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions’); and SDG 17 (‘Strengthen the means of implementation and revitalize the global partnership for sustainable development’).

In line with UNDP’s HIV, Health and Development Strategy 2016–2021: Connecting the Dots, and as part of UNDP’s work on HIV and health, UNDP’s partnership with the Global Fund contributes to progress in the seven outcome areas set out in the UNDP Strategic Plan 2014–2017, notably Outcome 3 (‘Countries have strengthened institutions to progressively deliver universal access to basic services’) and Outcome 6 (‘Early recovery and rapid return to development pathways are achieved in post-conflict and post-disaster settings’).

1. The Global Fund: staying the course in an uncertain environment

Despite the shifting health and development landscape, and a transition of leadership following the departure of Executive Director Mark Dybul, the Global Fund continues to be seen by donors as an organization that is both relevant and fit for purpose.

In September 2016, the Global Fund held its Fifth Replenishment Conference in Montreal, Canada, which raised close to \$13 billion in donor pledges for the 2017–2019 allocation period. The conference was hosted by Prime Minister Justin Trudeau, and Canada’s leadership was instrumental in ensuring that pledges fell just short of the \$13 billion target presented in the Global Fund’s investment case. Top pledges came from the United States, the United Kingdom, France, Germany, Japan and Canada, followed by the European Community and the Gates Foundation. The current US administration later signalled that it would honour this commitment.

Of the \$13 billion raised in Montreal, \$11 billion was made available for country allocations. In December 2016, the Global Fund sent letters to countries eligible

for funding, informing them of amounts they can access for each disease, and of the modalities to access the funds. Of the \$13 billion pledged in Montreal, the Global Fund set aside \$800 million to be used as ‘catalytic funding’ to finance targeted, high-impact interventions in select countries, multi-country/regional programmes and several special or cross-cutting initiatives, such as the Emergency Fund and the initiative on communities, rights and gender.

The allocation formula used by the Global Fund for the 2017–2019 period means that resources are increasingly focused on high impact, strategic countries in the global effort to end the epidemics of AIDS, TB and malaria by 2030. In allocation terms, this means that many medium or large country portfolios have received new allocations for 2017–2019 that are either equal or higher than their previous allocation, while many smaller portfolios have seen their allocation substantially reduced, meaning they will be forced to narrow the focus of interventions funded under new Global Fund grants, and to find other resources to fund other interventions.

All in all, the successful 2016 replenishment means the Global Fund is now in a good position to start delivering on the objectives of its 2017–2022 Strategy – Investing to End Epidemics. The Global Fund estimates that programmes it supports will save 14 million lives in the three-year period beginning in 2017, bringing the total lives saved by the Global Fund partnership to 36 million by the end of 2019. Those programmes will also avert up to 194 million new infections or cases of HIV, TB and malaria.

2. A strong and evolving partnership

With its country presence, operational and policy capacity and robust accountability framework, UNDP continues to provide a valuable service to the Global Fund and to the countries it serves, by ensuring that essential services, resources and commodities reach people, including the most hard-to-reach populations, in challenging operating environments. As interim PR of Global Fund grants, UNDP currently manages 36 grants covering 19 countries and

three regional programmes (for details, refer to Section III).

The highly dynamic partnership continues to evolve, and in October 2016 UNDP and the Global Fund concluded a new Framework Agreement. The agreement replaces the Standard Terms and Conditions (STCs) agreed between the two organizations, which had been in place since 2004. Importantly, it also updates, improves and streamlines the terms of UNDP's engagement with the Global Fund, which in turn will enable an even greater focus on effective, nimble and streamlined implementation at the country level.

The Framework Agreement replaces the STCs for all Global Fund grants that are currently being implemented. Going forward, all new grants will be fully subject to the terms of the agreement.

Substantively, the Framework Agreement strengthens and clarifies the legal framework governing UNDP implementation of Global Fund grants. Below are some of the most noteworthy features of the new agreement:

- Stronger reliance on UNDP rules and procedures.
- Stronger reliance on UNDP's audit and oversight systems.
- Consistency of record-keeping obligations with UNDP regulations.
- Consistency of access to records with UNDP policies.
- Application of UNDP policies to asset management and transfer.
- Streamlining and clarifying the refund process.
- Introduction of the limitation period for refund in line with the UNIDROIT Principles.
- Limitations to UNDP's liability.
- Introduction of provisions on grant closure.
- Recognition of the special status of UN Sub-recipients (SRs).
- Recognition that Global Fund management letters (MLs) are advisory in nature.
- Incorporation of the Operational Guidelines into the Framework Agreement.

The UNDP HIV, Health and Development Group's Global Fund/Health

Implementation Support Team (HHD/GF/HIST) continues to engage with the Global Fund to develop a series of templates and tools reflecting the new agreement (refer to Section VI.3) across the implementation of Global Fund grants managed by UNDP.

3. Policy engagement on human rights, gender and key populations

As a founding co-sponsor of UNAIDS, under the UNAIDS Division of Labour, UNDP is mandated to convene work on removing punitive laws, policies, practices, stigma and discrimination that block effective responses to AIDS; to co-convene the work on empowering key populations to access HIV services, meeting the HIV needs of women and girls and stopping sexual and gender-based violence (together with UNFPA). This includes leading the follow-up on implementing the recommendations of the Global Commission on HIV and the Law and co-managing the UNAIDS Reference Group on HIV and Human Rights. UNDP, together with UN and civil society partners, played an important role in advocating for the inclusion of a strategic objective on human rights and gender equality in the Global Fund's Strategy 2017–2022. Since the adoption of the strategy and its framework of indicators, a key focus of UNDP's engagement with the Global Fund is to support the operationalization of this strategic objective in Global Fund grants.

In the period covered by this report (April 2016–2017), this included contributions to the Global Fund's initiative on scaling up human rights programmes in 20 focus countries. The Global Fund has prioritized these countries to receive catalytic funding and 13 of them have also been given priority status for interventions for adolescent girls and young women, in line with the Global Fund's 2017–2022 Strategy. UNDP also continues to contribute to the Global Fund's policy and programme guidance, including for example, a technical brief on TB, human rights and gender. UNDP is working with the Global Fund on expanding work to strengthen Country Coordinating Mechanism (CCM) capacity on gender issues related to HIV, TB and malaria. This builds on a pilot CCM training on gender held in Namibia in mid-2016, in collaboration with the Global Fund.

In addition, UNDP has provided policy and programme support for the development of new funding requests to the Global Fund, to countries such as the Democratic Republic of the Congo (DRC), Kenya, Malawi, Mozambique, Namibia, Senegal and Zimbabwe, with a focus on defining and costing interventions to address human rights and gender related barriers, with the aim of securing additional resources. UNDP also worked closely with the Stop TB Partnership and other partners to develop and roll out guidance on legal environment assessments for TB.

Lastly, the HHD/GF/HIST team carried out a scan on work on human rights, gender and key populations in UNDP-managed Global Fund grants. The scan sought to identify at what stage of the grant cycle interventions on human rights, gender and key populations were included, as well as existing barriers to their implementation. The results of the scan provide a baseline from which UNDP is advocating for more robust interventions on human rights, gender and key population interventions in order to fill gaps identified during funding request development in 2017 and/or grant implementation based on the individual country context. It also allows UNDP to identify examples of good practices and appropriate opportunities to scale those up.

For a snapshot of policy and programme results achieved on human rights and gender, under UNDP-managed Global Fund grants, please refer to Section IV.1.

4. Building sustainable, climate resilient health systems

The dynamic partnership between UNDP and the Global Fund means strategic opportunities continue to emerge on a regular basis. UNDP has continued to expand its support to the strengthening of health systems to ensure increased sustainability and resilience of health systems, including climate resilience.

UNDP has developed 'green health services' to help governments minimize environmental impact through environmentally-sensitive health procurement. This includes, for instance, reducing CO₂ emissions by replacing air freight with

sea freight, effective management of medical waste and the incorporation of renewable energy sources.

In partnership with Kuehne + Nagel A/S, data and analytics for CO₂ emissions for procurement under Global Fund grants are collected on a quarterly basis (see Section IV.1).

UNDP's HHD/GF/HIST has developed a sustainability scorecard to measure progress by the five manufacturers of antiretrovirals (ARVs) collaborating with UNDP under long-term agreements (LTAs) for the provision of ARV combination Tenofovir-Lamivudine-Efavirenz (TLE), which encourages the adoption of key sustainability parameters.

UNDP also works with manufacturers of health products to optimize packaging to reduce volume. In March 2017, UNDP organized a workshop on biodegradable packaging in Delhi to discuss the application of biodegradable packaging material in the supply of UNDP-purchased pharmaceutical products. Workshop participants included major ARV and TB medicines manufacturers, academic and research institutions and representatives from the packaging industry. The workshop concluded that the required technology is available, at a cost that does not necessarily constitute a barrier. In addition, the workshop identified additional opportunities, such as incorporation of biodegradable materials in the manufacturing process of medical consumables and disposables (syringes, blood bags, etc.), to reduce toxicity when disposing of those materials, through incineration for instance. Next steps will include discussing and agreeing on technical requirements and minimum quality standards.

In addition to sustainable procurement activities, UNDP is also working to increase the sustainability and resilience of health systems using solar power. Under the new Solar for Health initiative, UNDP is supporting countries to harness the use of solar power in health facilities to strengthen the sustainable, climate-resilient delivery of essential services.

Health facilities need power to ensure continuous and sustainable delivery of quality services for all. Clinics, maternity wards, surgery blocks, medical warehouses and laboratories rely on electricity to power lights, refrigerate vaccines and medicines and operate life-saving medical devices. The inability to perform these basic functions puts lives at risk. Yet, particularly in remote areas, health facilities often face significant power shortages. A 2014 WHO review revealed that 25 percent of sub-Saharan health facilities had no access to electricity, while only 28 percent of health facilities and 34 percent of hospitals had what could be called 'reliable' access to electricity (without prolonged interruptions in the past week).

UNDP's Solar for Health initiative supports governments to increase access to quality health services through the installation of solar energy photovoltaic (PV) systems, ensuring constant and cost-effective access to electricity, while also mitigating the impact of climate change (by 'climate-proofing' health systems to withstand extreme weather events, excess demand on the main grid leading to power cuts, etc.) and advancing multiple SDGs.

In line with UNDP's HIV, Health and Development Strategy 2016–2021: Connecting the Dots, the Solar for Health initiative helps remote and under-served communities access health services. Broader development benefits include the creation of green jobs and the development of local manufacturing and markets for solar power. By training women to install and maintain solar panels as solar technicians, the initiative can also help countries advance gender equality and women's empowerment.

Specific outcomes of using PV systems to power health facilities (including treatment and storage facilities), include:

- More reliable and better quality health services.
- Climate-resilient health systems.
- Reduced carbon emissions.
- Cheaper energy with rapid return on investment.

The initiative has generated strong interest from governments, and project documents are currently available for over 25 countries, including Afghanistan, Chad, Comoros, Cuba, Fiji, Guinea-Bissau, Namibia, Liberia, Mali and Tajikistan. The overall budget requirement for the initiative is \$1 billion. As an estimate, an investment of \$100,000 could provide solar facilities for 7 rural primary health facilities; an investment of \$50 million could provide solar facilities for half of the health facilities in a medium-sized country.

Funding has already been secured (from the Global Fund and other sources) and progress to date includes:

- **Zambia:** \$700,000 project from the Norwegian Emergency Preparedness System (NOREPS) (11 health facilities of different sizes); \$1.2 million for PV systems for medical stores, and for 2017–2019, another \$3 million for the solar laboratories/innovation project.
- In **Zimbabwe**, the Global Fund has approved \$13.4 million for 500 health facilities (the Solar for Health champions) drawing on savings realized through UNDP procurement of HIV medicines.
- Solar for Health projects approved by governments (**Guinea-Bissau, Malawi, Sudan, Zambia, Zimbabwe**).
- **South Sudan** has secured funding for 15 health facilities and the Ministry of Health (MOH) has requested further support from the Global Fund.
- **Sudan:** initial approval secured for 60 health facilities (\$1.3 million).

In addition, several countries (Guinea-Bissau, South Sudan, Sudan, Zambia) have submitted letters of interest (National Designated Authority letters) to the Green Climate Fund, expressing their intent to prepare proposals for Solar for Health and nominating UNDP as implementing partner.

For highlights of early achievements under the Solar for Health initiative, please refer to Section IV.1.

5. Leveraging partnerships for increased effectiveness

UNDP's support to governments under the partnership with the Global Fund and through other health implementation services relies heavily on the involvement of a range of partners, including UN agencies, that provide implementation services as well as technical and policy guidance, in particular WHO, all contributing to effective implementation of well performing programmes.

For instance, UNDP uses existing established arrangements and the experience of UN agencies for the procurement of health commodities (e.g. UNICEF for vaccines and long-lasting insecticidal nets (LLINs) for malaria prevention, UNFPA for reproductive health commodities).

In addition, UNDP collaborates closely with UN agencies for the implementation of activities under Global Fund grants. While the main partners that implement activities are usually health ministries and national disease programmes or non-governmental organizations (NGOs), in some cases UN agencies also implement activities. This includes, for instance, WHO acting as SR under several UNDP-managed grants in the Middle East, Western and Central Africa, and Asia and the Pacific (and the Pan American Health Organization, PAHO, in Latin America). These agencies implement grant activities in line with their particular expertise (e.g. developing and adapting technical guidelines and training material for diagnosis and disease management).

Another example of collaboration is UNDP leveraging the supply chain management expertise of WFP to ensure timely and effective large-scale distribution of medicines and health commodities in remote areas presenting numerous logistical challenges. A recent mass distribution campaign of bed nets in Chad ahead of the rainy season will enable 13 million people to be reached with LLINs in some of the hardest-to-reach and conflict-affected regions of Chad.

In addition to implementation services, in its role as PR of Global Fund grants,

UNDP also engages with other technical partners to provide guidance to governments on the implementation of the programmes supported by the Global Fund grant (e.g. collaboration with UNAIDS on enhancing effectiveness of HIV prevention interventions).

II. UNDP health implementation services to governments

In 2016, UNDP's total expenditure in support of implementation of health programmes (including Global Fund grants, agreements with governments for procurement services and Gavi) amounted to \$516 million.

Table 1: Current UNDP health implementation portfolio

Global Fund financed	Government financed	GAVI financed
<ul style="list-style-type: none"> Interim PR in 19 countries + 3 regional grants Signed agreements: US\$1.4 billion 	<ul style="list-style-type: none"> Health PSM support in 18 countries Signed agreements: US\$546 million 	<ul style="list-style-type: none"> India Signed agreements: US\$39 million
<hr/> <ul style="list-style-type: none"> 2016 expenditure: \$398 million 	<hr/> <ul style="list-style-type: none"> 2016 expenditure: \$102 million 	<hr/> <ul style="list-style-type: none"> 2016 expenditure: \$16 million
<hr/> <p>Total expenditure in 2016: \$516 million</p> <hr/>		
<p>Solar for Health</p>		
<ul style="list-style-type: none"> 6 countries under implementation 25 countries in pipeline 	<ul style="list-style-type: none"> Global Climate Fund and other financing sources sought Signed agreements \$30 million 	

Building on the work and results of the UNDP-Global Fund partnership, an increasing number of governments are requesting UNDP to help strengthen national capacities and systems for the provision of health services, especially for the procurement and supply management (PSM) of medicines and other health products. UNDP's support to health procurement is guided by its HIV, Health and Development Strategy 2016–2021: Connecting the Dots, and is in line with UNDP's Strategic Plan 2014–2017, which aims to strengthen institutions to progressively deliver universal access to basic social services.

UNDP is currently supporting governments with PSM support services (outside of the scope of its partnership with the Global Fund), for a total value of \$585 million in signed agreements. The primary focus of this procurement has been medicines and diagnostics for infectious diseases but it also includes a broad range of laboratory and hospital equipment. Increasingly, UNDP is also asked to procure medicines for non-communicable diseases.

In addition to procurement services, UNDP also support governments to build resilient health systems and support the national procurement and supply-chain system. This includes providing technical expertise to strengthen legal, policy and regulatory frameworks, improve procurement rules and regulations, and remove potential barriers to equitable access to affordable medicines.

This presents UNDP with a major opportunity across all regions to further support governments in the realization of many of the SDGs. This work, which involves supporting governments to ensure the cost-effective, timely, continuous supply of quality medicines that retain their quality until they reach the end-user, also presents various risks that need to be carefully assessed and mitigated. UNDP is building on its experience in procuring health products and equipment under its partnership with the Global Fund to ensure appropriate arrangements and necessary controls are in place.

This includes securing best value for money, i.e. the best quality for the best

price. Under Global Fund grants that UNDP manages, in 2016, savings of \$29.6 million in the procurement of ARVs were generated in reduced unit costs as compared to the previous year. These savings are reinvested to support increased health service coverage or to strengthen national supply-chain systems.

UNDP has established a range of sourcing arrangements for the procurement of health products, which includes commercial LTAs with manufacturers and suppliers. In addition, UNDP relies on the mandate and expertise of other UN agencies for the procurement of certain products, including UNICEF (LLINs and malaria medicines), UNFPA (reproductive health) and the Global Drug Facility (second-line TB medicines).

In recent months, UNDP has signed cost-sharing agreements with various governments to provide health procurement and capacity strengthening services, including Angola, Equatorial Guinea, Moldova, Namibia, Pakistan, Philippines, Sudan, Togo and Ukraine. UNDP's 2016 expenditure for health procurement (including in its role as Global Fund PR) was \$309 million.

Table 2: Procurement of health products, by UNDP, by source of funds 2016

Source of Funds	Signed Agreements (US\$)	2016 Expenditures
Global Fund (PR)	\$684 million	\$191 million
Government cost sharing	\$546 million	\$102 million
GAVI	\$39 million	\$16 million
Total	\$1,269 million	\$309 million

The HHD/GF/HIST has prepared operational guidelines and standard operating procedures to guide UNDP's engagement in health procurement for governments and other potential partners.

III. Update on UNDP's portfolio of Global Fund grants

UNDP is managing 36 Global Fund grants, covering 19 countries, and three regional programmes in Africa, Western Pacific and the Caribbean covering another 27 countries. Of those 36 grants, 13 were signed in 2016–2017.

Table 3: UNDP Principal Recipient of Global Fund grants – country coverage

Angola	Guinea-Bissau	Sudan	Multi-country Americas (Regional Caribbean)
Afghanistan	Iran	Tajikistan	Multi-country Western Pacific
Belize	Kyrgyzstan	Turkmenistan	Africa Regional grant
Bolivia	Mali	Zambia	
Chad	Panama	Zimbabwe	
Cuba	São Tomé & Príncipe		
Djibouti	South Sudan		

The total value of UNDP's portfolio of Global Fund grants is \$1.4 billion in signed agreements. UNDP's Global Fund grant expenditure in 2016 was \$396 million, which represents 88.5 percent of the budgeted amount of \$448 million and 89.2 percent of projected delivery of \$444 million. An overview of expenditure by disease and by region is provided in Figure 1.

UNDP has developed a specific strategy for procurement carried out under the Global Fund grants that it manages. This includes partnership agreements with UNICEF's Supply Division and with UNFPA. Commercial LTAs are also in place with other procurement organizations and suppliers to provide backstop solutions in case products are not available under the partnership agreements with UNICEF and UNFPA.

In 2016, the total volume of health products procured under Global Fund grants that UNDP manages as PR was \$190 million. The relative decrease in volume

compared with previous years (Figure 2) is partly explained by the fact that large orders were placed in previous years as part of front-loading for many grants that started in 2014 and 2015. This is expected to be the case again when various new large grants start in 2018.

Figure 1: UNDP Global Fund expenditure (2016), by disease and by region

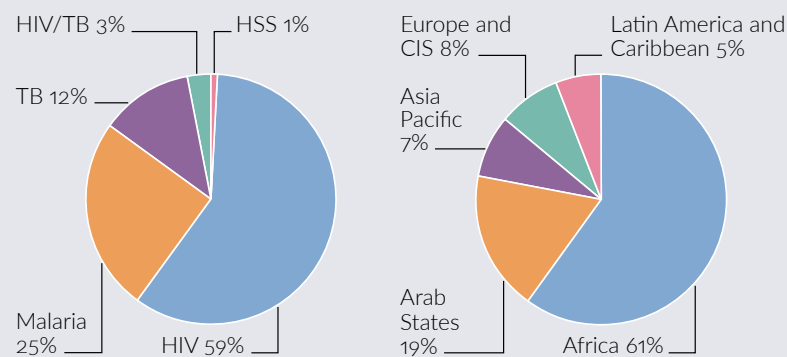
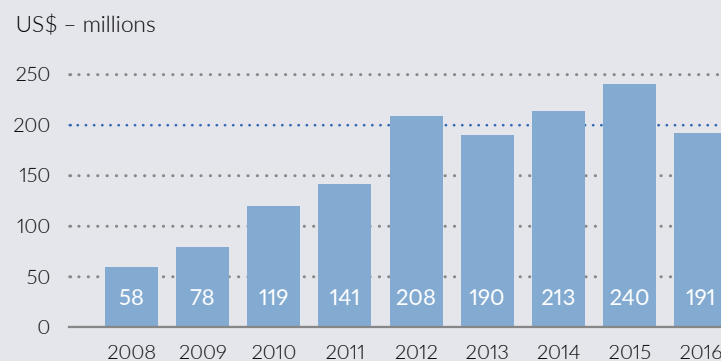


Figure 2: Procurement levels for UNDP-managed Global Fund Grants, 2008–2016



In addition, UNDP also carries out procurement of health products financed by the Global Fund for grants managed by national PRs, such as ministries of health. This is detailed in Section II.

IV. Results and performance

This section looks at results achieved through UNDP’s partnership with the Global Fund, and the performance of Global Fund grants that UNDP manages. It also includes an analysis of audit findings and ratings, which in turn inform implementation and the management of associated risks.

1. Results and impact

UNDP’s partnership with the Global Fund continues to be a powerful contributor to the 2030 Agenda for Sustainable Development, including SDG 3. Since the start of UNDP’s partnership with the Global Fund, programmes supported by UNDP-managed Global Fund grants have saved 2.5 million lives, among other results that are highlighted in Figure 4.

Beyond the numbers, the results achieved also have a broader impact on the lives of the millions of people who have directly received services and by extension, also impact their families, communities and whole countries/regions. Examples of impact achieved through UNDP’s partnership with the Global Fund are highlighted below.

■ HIV in Zimbabwe: One million people on life-saving treatment

The AIDS epidemic in Zimbabwe is in decline, with prevalence amongst males and females decreasing by 30 percent and 20 percent respectively between 2005 and 2015. Despite this, the prevalence of HIV remains among the highest in the world, with 1.2 million people living with HIV (14.6 percent of people aged 15–64) in 2015. HIV is the leading cause of premature death and disability

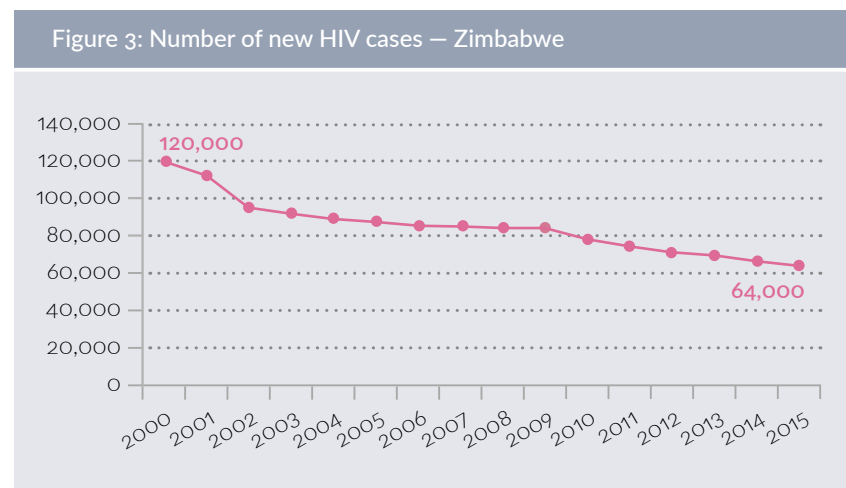
in Zimbabwe, and in 2015 accounted for an estimated 2.5 million disability adjusted life years.¹ Prevalence is higher amongst women, with the difference being most marked for the age group 20–34. Prevalence is also particularly high amongst sex workers.

The Global Fund HIV grant that UNDP manages focuses on treatment and prevention, voluntary counselling and testing, and prevention of mother-to-child transmission. To date the grant has helped to achieve:

- 1 million people currently on ARV.
- 87 percent of people living with HIV on antiretroviral therapy ART (aged 15–64 in 2015–16).
- 86 percent retention on ART after 12 months.

This has resulted in the following health impact:

- 75 percent reduction in AIDS related deaths between 2000 and 2015.
- 46 percent reduction in new HIV cases between 2000 and 2015.



1. <https://vizhub.healthdata.org/gbd-compare/>

Figure 4

UNDP & Global Fund Results

UNDP & GLOBAL FUND WORKING IN:



6 countries
improving TB prevention, treatment and care in prisons



9 countries
introducing HIV and TB prevention, treatment and care programmes for young women and girls



21 countries
training health care providers on human rights and HIV



24 countries
reducing HIV stigma and discrimination



65 million
cases of malaria treated

53 million
bed nets distributed to protect families from malaria

2 million
people currently on HIV treatment

750,000
pregnant women received antiretrovirals to prevent mother to child transmission of HIV

870,000
cases of TB successfully treated

17,700
multi-drug resistant TB

Better health is central to human well-being and makes an important contribution to social and economic progress, as healthy populations live longer and are more productive. Life expectancy in Zimbabwe, which had declined since the 1980s to 41 years in 2003, subsequently increased to 61 years in 2015. Effective treatment for HIV means people can return to living healthier, more productive lives. While poverty can be a barrier to treatment, effective treatment of HIV has also been shown to improve employment prospects. HIV patients with higher CD4 (white blood cell type) counts are more likely to be engaged in the labour force and on average spend more days per month in work and more hours per week in work than those with low CD4 counts. Good treatment outcomes also have a positive impact on family members, who are more likely to be working or in education if the patient has higher CD4 counts.² These outcomes contribute to reducing poverty and promoting inclusive and sustainable economic growth, employment and decent work for all.

■ Eliminating malaria in São Tomé and Príncipe

In January 2016, a new Global Fund malaria grant worth \$6 million was signed. It will focus on increasing detection of malaria cases, broadening access to prevention methods, like LLINs and indoor spraying, and treating new cases. Much has been achieved over the past decade, with a partnership of local agencies, UNDP and the Global Fund making remarkable progress to control malaria and stop it from spreading. While the island of Príncipe has now reached

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2. For evidence on the socio-economic benefits of initiating and keeping HIV-positive people on antiretroviral therapy, see for instance: <https://www.ncbi.nlm.nih.gov/pubmed/22778335>; <https://www.ncbi.nlm.nih.gov/pubmed/23169332>; <https://academic.oup.com/jpubhealth/article/38/4/704/2966965/The-economic-benefits-of-high-CD4-counts-among>; <https://www.ncbi.nlm.nih.gov/pubmed/24076660>; <https://www.ncbi.nlm.nih.gov/pubmed/24320014>; <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3728427/>

3. McGready, R et al. *The Lancet Infectious Disease*. (2011/2).

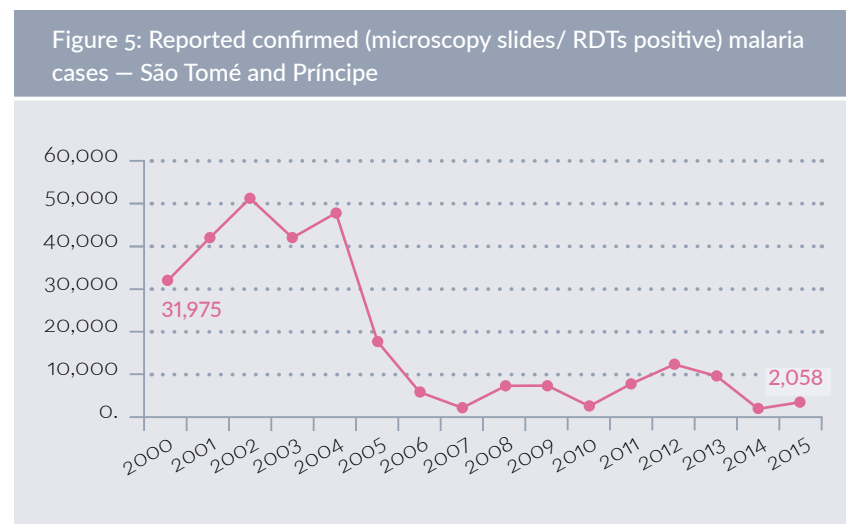
4. <https://www.ncbi.nlm.nih.gov/pubmed/16438275>

the pre-elimination phase, São Tomé is experiencing low transmission rates. The new funding will aim to reduce the number of new cases of malaria to less than five per 1,000 people on the island of São Tomé and to less than one case per 1,000 on Príncipe. To date, the programme in São Tomé and Príncipe has delivered 359,000 bed nets and funded treatment of 76,300 cases of malaria.

Health outcomes supported by the programmes include:

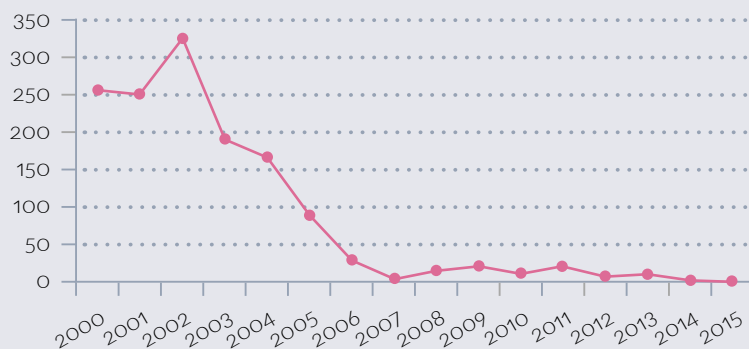
- A 95 percent reduction in the number of reported and confirmed cases of malaria between 2000 and 2015.
- A 39 percent reduction in infant mortality over the same period.
- No reported malaria deaths in 2015.

Malaria in pregnant women can triple the risk of miscarriage and lead to premature birth and low birth weight.³ A combination of use of LLINs and intermittent preventative treatment has been shown to reduce maternal malaria episodes, maternal and foetal anaemia, placental presence of parasites, low birth weight and neonatal mortality.⁴



In addition, malaria disproportionately affects young children, with two-thirds of malaria deaths globally occurring in children under the age of five. In high transmission areas, partial immunity to the disease is acquired during childhood so by the time children reach school age, the risk of clinical attacks and death has reduced. However, malaria is a primary cause of school absence in some areas and the disease can have health effects in later childhood. Effective prevention through the use of LLINs, as well as treatment is therefore important to ensuring children are able to properly engage in education and improve life chances. For example, intermittent preventative treatment has been shown to reduce prevalence of anaemia and improve class-based attention amongst 5–18-year-olds. This is particularly relevant in achieving SDG 4 (‘ensure inclusive and quality education for all’). The positive effects of prevention go beyond the child’s education. Most caregiving in the home is provided by mothers, aunts, grandmothers and older female siblings, so reducing malaria frees women and school-age girls from this burden of care.⁵

Figure 6: Reported malaria deaths – São Tomé and Príncipe



5. McFarland, D. A. Systematic review: household economic burden of malaria. Rollins School of Public Health and Bethesda MD: Abt Associates Inc. (2012).

■ Stopping TB in Turkmenistan

Since 2010, UNDP has been working in partnership with the Ministry of Health and Medical Industry of Turkmenistan to strengthen TB prevention, diagnostics and treatment, through a Global Fund grant. The TB grant addresses the needs of civilian and penitentiary sectors. Directly Observed Treatment, Short-course, is implemented country-wide, including in prisons. UNDP has supported upgrading of TB laboratories, training of the laboratory workforce and expanding access to quality diagnostics. Drug-resistant (DR) TB management improved through increased access to care, the provision of social support for patients and operational research on DR-TB. Six labs have facilities for rapid molecular detection of multi-drug-resistant tuberculosis, MDR-TB (Xpert technology). UNDP constructed or renovated each of them and provided high-tech equipment for testing, as well as training for the staff. The National TB Programme plans to scale up MDR-TB detection and treatment, having enrolled 661 patients in 2016 and aiming to enroll 760 in 2017.

Results include:

- 7,100 cases of TB successfully treated.
- 1,200 MDR-TB cases treated.
- 76 percent case detection rate for TB in 2014, which is above the global target (70 percent).
- 72 percent treatment success rate for all new cases of TB (2013).

The programme has been successful in improving health outcomes for people living with TB, including helping to reduce TB related mortality from 41 to 9 per 100,000 population between 2000 and 2015.

Other results include:

- 63 percent reduction in TB incidence between 2000 and 2015.
- 78 percent reduction in TB related mortality between 2000 and 2015.

Tuberculosis control in prisons is a challenge. Worldwide, TB in prisons is reported to be up to 100 times higher than in the civilian population and accounts for 25 percent of the TB burden in some countries. Control of the disease is difficult

Figure 7: TB case detection rate (%) – Turkmenistan

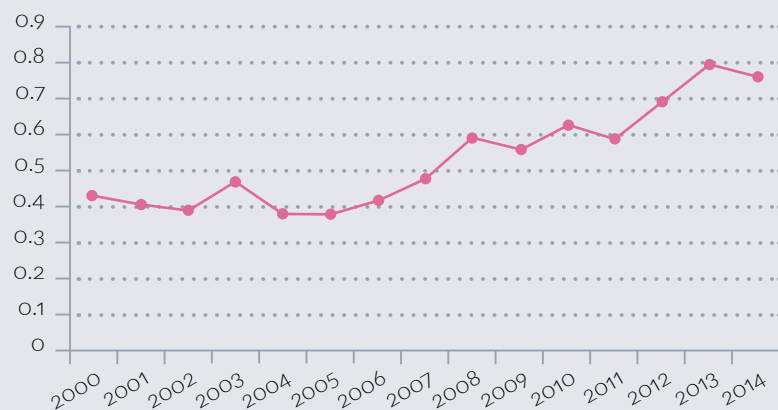


Figure 8: TB incidence and mortality per 100,000 population – Turkmenistan



due to overcrowding and poor ventilation in prisons, which allow for easy transmission of the disease. A disproportionate number of prisoners come from socio-economically disadvantaged populations, where the burden of disease may be already high and access to medical care limited, e.g. people who use drugs, homeless, mentally ill, ethnic minorities, asylum seekers and immigrants.⁶ Multi-drug resistant forms of TB are an issue, including in former Soviet states, where prevalence is 16 times higher than global prevalence. MDR-TB prevalence has also been linked to illicit drug use in prisons. Providing equity of treatment for prison populations is just one step in providing rehabilitation.

■ Achieving impact through enabling legal and policy environments

There is growing evidence of the unique and inter-related ways in which the legal environment, gender equality and human rights impact on HIV, TB and malaria.

Where people live in situations of inequality and are not able to realize their human rights, when laws criminalize their identity or conduct and expose them to violence and abuse, they are at risk of becoming marginalized and vulnerable members of society. This impacts on their ability to fulfil their rights – including their right to health. It limits their ability to access health information and services, to protect themselves from exposure to diseases and to receive life-saving treatment, care and support. When affected by HIV, TB or malaria, fear of further stigma, discrimination and human rights violations may also compromise their willingness and ability to access services to protect their health and to access justice to enforce their rights.

6. See for example:
http://www.euro.who.int/__data/assets/pdf_file/0005/282884/Multidrug-resistant-tuberculosis-Turkmenistan-results-nationwide-survey_REV1.pdf
<http://journals.plos.org/plosone/article?id=10.1371/journal.pone.0174373>
<http://www.who.int/management/EconomicBenefitofTuberculosisControl.pdf>
<https://www.ncbi.nlm.nih.gov/pubmed/15200821>
<http://www.eurasia.undp.org/content/rbec/en/home/ourwork/democratic-governance-and-peacebuilding/successstories/recovering-from-multidrug-resistant-tb-in-turkmenistan.html>

Conversely, where legal frameworks protect human rights and gender equality and promote the rights of all people to access essential health care services without discrimination and fear, people can access services to reduce their risks of HIV, TB and malaria.

The following are highlights of recent results achieved in human rights, gender and key populations under UNDP-managed Global Fund grants:

- The Multi-country South Asia Programme covered the following seven countries in South Asia: Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka.

In **Afghanistan**, UNDP has worked to reduce the vulnerability of key populations through activities that promote human rights and decrease HIV-related stigma and discrimination. UNDP has helped to provide HIV prevention services to key populations who have traditionally been excluded and have had limited access to health services. These include men who have sex with men (MSM) and transgender people. So far, the programme has reached over 40,000 MSM and transgender people with diagnosis and treatment for sexually transmitted infections, and provided voluntary counselling and testing to nearly 10,000 people. The prevention programme is the only one of its kind in Afghanistan. UNDP advocacy efforts have also resulted in MSM and transgender people being included in the national integrated HIV bio-behavioural surveillance and National HIV Strategy for the first time.

Through effective engagement with national human rights institutions, **Nepal's** National Human Rights Commission became the first in the region to establish a dedicated position to address violations against sexual minorities.

In **Bangladesh**, a committee was established to specifically address violations against Dalits, transgender people and other excluded minority groups. Legal counselling was provided to more than 2,000 community members, resulting

in 186 documented complaints and 50 persons receiving direct legal support.

- The Africa Regional Grant on HIV aims to address human rights barriers faced by vulnerable communities in Africa, and facilitate access to lifesaving health care. The grant is the first of its kind and covers 10 countries: Botswana, Côte d'Ivoire, Kenya, Malawi, Nigeria, Senegal, the Seychelles, Tanzania, Uganda and Zambia. UNDP is the PR of the grant, which it implements in collaboration with four African civil society organizations (CSOs)—the AIDS and Rights Alliance for Southern Africa, ENDA Santé, KELIN, and the Southern Africa Litigation Centre—that have recognized expertise in documenting human rights violations, strategic litigation advocacy and capacity-strengthening. Activities under the grant have already helped remove legal and human rights barriers to accessing HIV and TB services.

In **Malawi**, legal support provided through the grant resulted in a landmark ruling on the overly broad criminalization of HIV transmission and exposure. The ruling is important for tackling discrimination against people living with HIV in Malawi, supporting the right to a fair trial for vulnerable people and setting a precedent on the human rights violations caused by the criminalization of HIV. In another case in Malawi, legal support helped overturn a ruling for sex workers, who had been wrongly convicted due to a misinterpretation of legislation about living on the earnings of sex work.

In addition, for the first time, and as a result of capacity strengthening under this grant, three countries have now integrated or are in the process of integrating transgender issues into their national strategic plans: **Nigeria** (language on transgender included in the Nigeria National Strategic Framework 2017–2021), **Zambia** (the National AIDS Strategic Framework 2017–2021 validated in June 2017 now includes language on transgender), and Kenya (the National AIDS Control Council, in the process of reviewing the Kenya AIDS Strategic Framework, has brought on board transgender issues).

■ **Strengthening the sustainability and climate-resilience of health systems**

Sustainable procurement of health products

Streamlined procurement planning under UNDP’s partnership with the Global Fund has enabled 94 percent of shipments of ARV combination TLE to be arranged via ocean and land transport, and only six percent through air freight. This positively influences the CO₂ footprint of this procurement (reduction of 0.18 kg of CO₂ per TLE pack) as well as its cost (savings in the order of \$4.5 million).

Under the ‘reduced packaging’ initiative, in collaboration with the corresponding national regulatory authorities, UNDP supplied 2.26 million packs of TLE to South Sudan and Zimbabwe. This resulted in an increased shipping capacity of 16.7 percent for these shipments, generating savings estimated at \$150,000 and an additional reduction of 0.03 kg of CO₂ per unit, which represents a 17% reduction.

Powering HIV clinics in Zimbabwe

HIV clinics across Zimbabwe will soon be equipped with solar power. Many clinics currently depend on four hours of unstable power supply a day, but with solar installations they will have power 24/7 and patients will be able to get the care they need, when they need it. Where solar systems have been installed, clinics are now capable of increased and improved services. The energy generated is used to maintain the quality of medicines and laboratory reagents. Equipment sterilization has improved and the cold-chain for vaccine storage is safely maintained. Solar panels also enable water pumping and facilitate water purification—a pivotal achievement in a country in which water-borne diseases are the major killers of children.

Effective warehousing in Zambia

In Zambia, UNDP has been working in close partnership with Medical Stores Limited (MSL), an autonomous government agency mandated to receive, store and distribute pharmaceutical health products across the country. MSL has faced regular power interruptions in the past, affecting the effective running of warehouses, including the refrigeration of medicines and vaccines. With funding from NOREPS, UNDP has supported MSL to install a solar-powered energy system, combined with an energy-efficient temperature control system covering 3,000 m² of storage space. With the solar panels in place, MSL can ensure the effective running of its operations even when there is no power from the national hydro-power grid. This is vital to ensuring quality health services to the Zambian population, as interruptions in power supply had previously lead to delays in the processing of requests from health facilities across the country. Furthermore, the solar power system has also ensured health products remain stored at optimal temperatures.

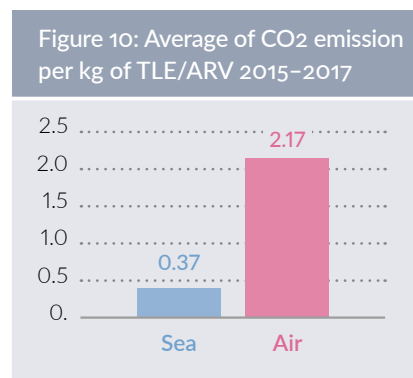
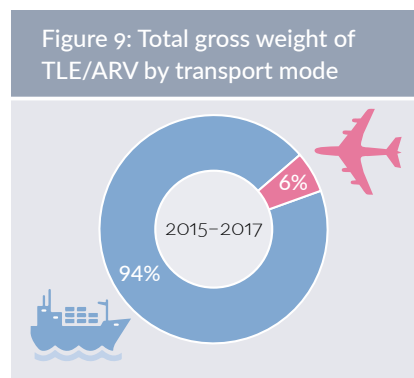



Table 4: Volume of TLE/ARV per transport mode

Transport mode	Total shipped mode volume of TLE/ARV to date (kg)
Air	168,694.80
Sea	2,441,107.54



“I’m here to learn something, so I can serve my village and my country...I’m really proud to do this. I try to study as hard as I can”

Female nurses bring critical health care to rural communities

Nurses are hard to find in Abida Nowroz’s home village in rural Nuristan Province in eastern Afghanistan. In this isolated region, health facilities are limited and security concerns prevent many trained health care professionals from working in the area.

“One of my neighbours in our village gave birth,” Abida recalls. “After delivery, she didn’t stop bleeding. Her family put her on a horse to take her to the city. She died on the way.”

Afghanistan has one of the highest rates of maternal and child mortality in the world. A lack of health facilities in rural areas, combined with a scarcity of female health workers, means that many women do not receive the health care they desperately need. But women like Abida are changing this situation. Along with 200 classmates, she recently completed her training at nursing school.

“I don’t waste a single day without learning,” says Abida. “I don’t want to see a mother die on the way to a clinic, or see her child become an orphan.”

Set up by the Afghan Ministry of Public Health with support from UNDP and the Global Fund, the school is training a new generation of female health care workers.

“I’m here to learn something, so I can serve my village and my country,” Abida explains. “I’m really proud to do this. I try to study as hard as I can.”

The nursing school in Jalalabad is one of six across the country that are training more than 200 nurses. With the first class having graduated, these new nurses are now returning to some of the most disadvantaged parts of Afghanistan, bringing much needed health care to women in the hardest to reach communities.



Abida Nowroz prepares for an assignment on how to perform minor surgery.

Photo: © UNDP Afghanistan/ Sayed Omer 2016



Vulnerable to violence: empowering women in South Sudan

“Things are different now because we are in a crisis: things are not the same as they were,” said Viola, 32.

“Women are harassed in many different ways,” she explained. “They may be touched, bitten, sexually abused. Most women in South Sudan have been affected.”

Viola is working to raise awareness of violence against women in a country where it is estimated that more than half of women aged 15–24 years have experienced some form of gender-based violence.


With reports suggesting 475,000 women and girls are at risk, UNDP is working in partnership with the Government of South Sudan, the Global Fund and the International Organization for Migration (IOM) to address gender-based violence as part of mental health and psychosocial support programmes, particularly for women displaced by the three-year conflict.

“We run support groups that include women and mothers living with HIV, and often the HIV may be the result of sexual abuse. They come together to talk about their experiences, how they felt alone in their homes before and were just waiting to die,” explained Viola, who works as a project assistant for the IOM mental health and psychosocial support programme.

Training and awareness-raising on human rights are also enabling women to take more active roles in their communities. The task is huge but progress is visible.

“A few months after joining the groups, you see the women start to talk about how they feel and they can move on and join in again. Eventually they are also able to help others,” Viola continued.

“In counselling, you get to walk in another person’s shoes: you can see what they have experienced and you do become very affected. We cannot do everything but we all help each other.”

A close-up photograph of a person's hands, one resting on their shoulder, with a quote overlaid on the right side. The person is wearing a dark blue long-sleeved shirt with orange stripes on the sleeves. The background is blurred, showing other people in a similar setting.

“A few months after joining the groups, you see the women start to talk about how they feel and they can move on and join in again. Eventually they are also able to help others”

Psychosocial support in South Sudan.

Photo: © IOM/Mohammed 2016

“I believe that it is because of the treatment that I am still alive. I also know that if I stop the treatment, the disease will return and I may die”

”

Aziz is now receiving TB treatment and rebuilding his life.

Photos: © UNDP Kyrgyzstan 2016



Tackling TB in Kyrgyzstan's prisons

Just two years ago, Aziz, 40, was being carried by his cell-mates to the prison doctor, so ill he could barely stand.

“At the time I thought my poor health was because of my drug use. I didn't understand it was due to tuberculosis,” he said.

The level of TB in prisons is reported to be up to 100 times higher than that of the civilian population. This is due to issues such as overcrowding and poor ventilation, which create a breeding ground for easy transmission of the air-borne disease.

Thankfully for Aziz, doctors at the prison's TB hospital could act swiftly and he began treatment immediately. The hospital is one of several supported by UNDP's partnership with the Global Fund as part of a targeted effort to reach those at higher risk. In coordination with the government, the partnership provides prison hospitals with medicines and laboratory supplies.

After completing his sentence in February 2017, on just his second day after release Aziz went to the civilian TB centre in Bishkek to ensure continuity of his treatment. He now takes pills every day under a nurse's supervision and takes monthly tests to make sure the treatment is working effectively. To help encourage and support patients to adhere to treatment, financial support is also provided to cover transportation fees to and from medical facilities.

Aziz recently found a new job and visits the TB centre for treatment early in the morning, before work.

“I believe that it is because of the treatment that I am still alive. I also know if I stop the treatment, the disease will return and I may die,” he said.



Fighting malaria in conflict-affected regions of Chad

“They came to the neighbouring village. They killed many people there, robbed and burned the houses. That’s why we left our village.”

Yongou and her family left their home and all their belongings two years ago when Boko Haram attacked a nearby village. Now they live in a camp for internally displaced people in the Lake Chad region.

Because of conflicts in neighbouring countries and the ensuing crisis in the region, the country now hosts over half a million refugees, internally displaced people and returnees. For these vulnerable populations, the upcoming rainy season now poses a new threat: malaria is the leading cause of death in the country, with children under the age of five and pregnant women the most affected.

“Every year here my children get malaria,” Yongou explained. “I have to bring them to the hospital.”

With just one mosquito net for her entire family, Yongou has been struggling to take the precautions needed to keep her loved ones safe. “Our mosquito net has many holes. When it is torn, I sew it with a needle and thread,” she explained.

To ensure families like Yongou’s are protected when the rains arrive, UNDP and the Global Fund are supporting the Government of Chad to carry out a massive bed net distribution campaign across the country, in partnership with WFP. Thirteen million people will soon have received LLINs in some of the hardest-to-reach and conflict-affected regions of Chad. The distributions are also supported by an awareness raising campaign to ensure people understand how to correctly use the bed nets and to dispel any myths or rumours about the benefits and safety of sleeping under them.



“Every year here my children get malaria. I have to bring them to the hospital”

N'Djamena (Chad) - Women take water. Around 1,400 families returned from Central Africa are living in the Gaoui camp. Photo: © UNDP Chad / Aurélia Rusek 2017

2. Performance of UNDP Global Fund grants

UNDP-managed Global Fund grants continue to perform strongly. **Ninety-six percent are rated A1, A2 or B1** ('exceeding expectations', 'meeting expectations', or 'adequate') by the Global Fund. Fifty-four percent are rated A1 or A2, up from 25 percent in 2010. Four percent (one grant) are rated B2 and none is rated C (see Figure 11). Please refer to Table 5 for the full list of grants and their ratings.

Table 5: Grant performance ratings per country/component

A1 (6)	A2 (9)	B1 (12)	B2 (1)	C (0)
<ul style="list-style-type: none"> Africa Regional grant, HIV Bolivia, malaria Djibouti, malaria Multi-country Western Pacific, malaria São Tomé & Príncipe, TB Tajikistan, HIV 	<ul style="list-style-type: none"> Afghanistan, malaria Cuba, HIV Iran, malaria Multi-country Western Pacific, HIV/TB São Tomé & Príncipe, HIV Sudan, malaria Turkmenistan, TB Zambia, HIV Zimbabwe, TB 	<ul style="list-style-type: none"> Afghanistan, HSS Afghanistan, TB Djibouti, HIV/TB Guinea-Bissau, malaria Iran, HIV Mali, HIV South Sudan, HIV South Sudan, TB Sudan, HIV Sudan, TB Zimbabwe, HIV Zimbabwe, malaria 	<ul style="list-style-type: none"> Chad, malaria 	
A1, A2: Exceeding/Meeting Expectations		B1: Adequate		
B2: Inadequate but potential demonstrated		C: Unacceptable		

The temporary decrease in the percentage of Global Fund grants rated A1 or A2 toward the end of 2016 (refer to Figure 12) can be attributed to a combination of handing over mature, strong performing grants, taking over new, often poorly performing grants, and starting new grants for which ratings were not yet available.

Figure 11: UNDP Global Fund grant performance vs other grant performance

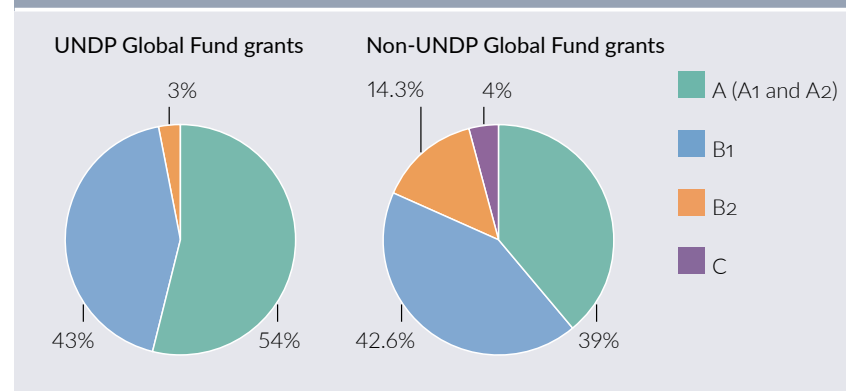
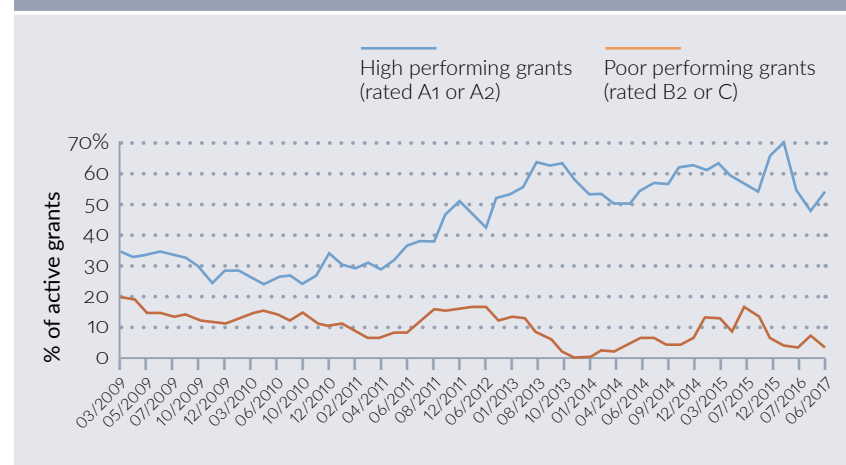


Figure 12: Performance of UNDP Global Fund grants, 2009–2017



3. Audit of Global Fund grants: findings and implementation

Given the environments where UNDP is asked to manage Global Fund grants, these programmes are very often more risk prone than many other UNDP

projects. Global Fund grants managed by UNDP are therefore subjected to especially intensive audit scrutiny. In addition to its regular capacities, UNDP's Office of Audit and Investigations (OAI) has three full-time auditors dedicated solely to auditing Global Fund grants, as well as a dedicated investigator.

OAI audit reports, including audits of Global Fund programmes, are available on UNDP's public website.

The HHD/GF/HIST actively monitors audit findings and recommendations (including follow-up and implementation) and completes a detailed analysis of the findings across the portfolio of Global Fund grants managed by UNDP. This analysis informs the support to UNDP COs, and shapes implementation mechanisms and practices in various areas of grant management (financial management, management of SRs, monitoring and evaluation, procurement and supply chain management, etc.) Given the high-risk environments in which UNDP operates, several chronic contextual challenges are present, which in some cases are reflected in audit findings. In the area of PSM, following audit findings related to quality assurance of health products, the HHD/GF/HIST has supported COs to prepare and implement quality assurance plans for health commodities, and developed guidance notes on quality control (QC) testing and asset management for all COs, as well as a proposed set of indicators for supply chain logistics providers in the context of Global Fund grants. Further strengthening in this area is ongoing, including the provision of additional guidance and training materials and implementation of LTAs for pharmaceutical QC laboratories and for external consultants providing PSM support.

In addition to well-established mechanisms and practices to feed audit findings and recommendations back into implementation of Global Fund grants, the HHD/GF/HIST also proactively monitors risks across the portfolio of grants and across functional areas. This is captured in the Early Warning System, an internal tool used to monitor risks and take appropriate risk-mitigation measures. The Early Warning System also includes triggers to automatically escalate pressing

issues to relevant stakeholders within UNDP, including Regional Bureaux and other teams as appropriate.

Summary of audit findings and recommendations, audit follow-up and corrective actions

For 2016, nine of the 26 interim PR countries⁷ (or 34 percent) were audited, covering 23 (56 percent) of the 41 Global Fund grants managed by UNDP. Eight of the nine countries audited have grants managed under the Global Fund's Additional Safeguard Policy (ASP).⁸ Financial audits in four countries (Djibouti, Haiti, Iraq, South Sudan), covering eight grants, were outsourced by the OAI to external audit firms.⁹ Audits in the remaining five countries were completed by the OAI.

The OAI's 2017 work plan includes nine of the 22 interim PR countries¹⁰ (41 percent) and covers 18 (50 percent) of the 36 grants managed by UNDP. While eight of the countries to be audited have grants managed under the Global Fund's ASP, all countries were selected based on risk, which reflects the conditions of the Framework Agreement signed with the Global Fund in October 2016. As of the end of 2017, all interim PR countries will be audited, except for the two with grant start dates in 2016.¹¹

In 2016, the OAI issued 15 audit reports. As detailed above, eight reports were associated with financial audits and were completed by external audit firms; all

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7. 23 countries and three regional programmes (Africa Regional grant, Multi-country Western Pacific, and Multi-country South Asia). For the purpose of this analysis regional programmes are counted as individual countries.
8. The ASP is a risk management tool applied by the Global Fund on the basis of identified risks in countries where a grant or group of grants is/are being implemented.
9. Djibouti Reports No.1711 and 1737; Haiti Report No. 1659 and 1660; Iraq Report No. 1654; and South Sudan Reports No. 1725, 1726 and 1686.
10. 19 countries and three regional/multi-country grants (Africa Regional, Multi-country Americas, and Multi-country Western Pacific). The grants in Bosnia and Herzegovina, Haiti, Syria and Uzbekistan ended in 2016, bringing the number of countries where UNDP is Principal Recipient from 23 to 19.
11. Africa Regional grant and Multi-country Americas (Regional Caribbean).

had an 'unqualified' opinion. Five reports were associated with audits completed by the OAI. The OAI also issued a consolidated report for the 2016 Global Fund audits¹² and a consolidated report for the FY2015 audit of SRs of Global Fund grants.¹³

From 2009 to 2016, the OAI issued 96¹⁴ audit reports of Global Fund projects in which UNDP is the interim PR: the Overall Audit Rating is shown in Figure 13.¹⁵ In 2016, the proportion of 'satisfactory' ratings was 20 percent (one of five reports),¹⁶ a slight decline from 2015 when 33 percent (four of 12 reports) received a 'satisfactory' rating. It is important to note that for 2015 and 2016 there have been no 'unsatisfactory' Overall Audit Ratings.

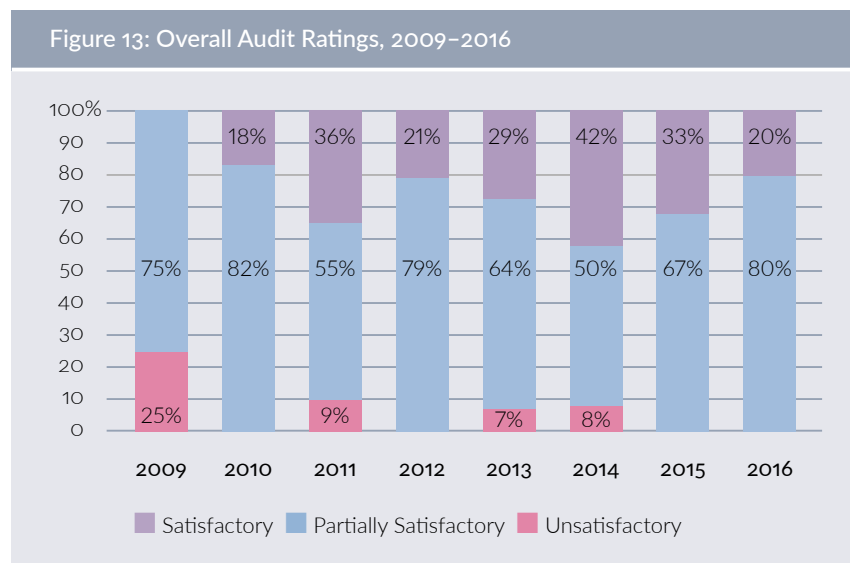
In the HHD/GF/HIST review of 2016 audit issues and recommendations, it is important to note the following: (i) in 2016 the OAI discontinued the practice of issuing a rating (i.e. satisfactory, partially satisfactory, unsatisfactory) specific to each of the five audit sub-categories;¹⁷ and (ii) as the number of audits

completed by the OAI was lower in 2016 than in previous years, a comparison of the annual number of recommendations over the four-year period from 2013 to 2016 would not provide an accurate illustration of performance trends for each of the audit sub-categories. Instead, an analysis of trends in the percent of 'high' (critical) priority recommendations for each sub-category is presented (see Figures 14 and 15).

For the 13 country audit reports issued by the OAI in 2016, a total of 28 issues were detailed, of which three are recurring or key issues and are as follows:

1. Weakness in supply management.
2. Delays in implementation of project activities.
3. Weakness in management of project funds and misclassification of expenses.

A total of 25 recommendations¹⁸ were made in 2016, of which eight (32 percent) were rated as 'high' (critical) priority, which is comparable to the percent of total 'high' (critical) priority recommendations made in 2015 and an improvement from 2014.¹⁹



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12. Report No. 1772, Issued 17 April 2017.

13. Report No. 1763, Issued 27 January 2017.

14. This includes all OAI reports, including financial audits outsourced to external firms and one desk review (Yemen).

15. Includes only audits of Country Offices/Regional Service Centres and excludes audits of corporate procurement services, the consolidated PR and SR audit reports, and financial audits by external firms. The number of reports issued by OAI was: 2009, 4; 2010, 10; 2011, 11; 2012, 14; 2013, 14; 2014, 16; 2015, 14; and 2016, 13.

16. Excludes financial audits outsourced to external firms.

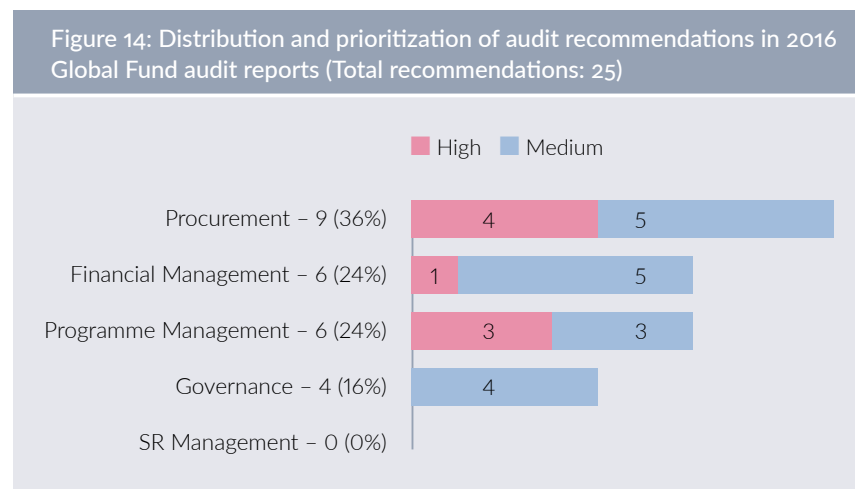
17. The five audit sub-categories are: 1) Financial Management; 2) Governance; 3) Programme Management; 4) Procurement and Supply Management; and 5) Sub-recipient Management.

18. Not all audit issues result in audit recommendations, hence the difference in the numbers: 28 issues and 25 recommendations.

19. In 2014, 14 audit reports generated 54 recommendations, out of which 23 were 'high' (critical) priority (43 percent); in 2015, 12 audit reports generated 53 recommendations, out of which 16 were 'high' (critical) priority (30 percent); in 2016, the five audit reports generated 25 recommendations, out of which eight were 'high' (critical) priority (32 percent).

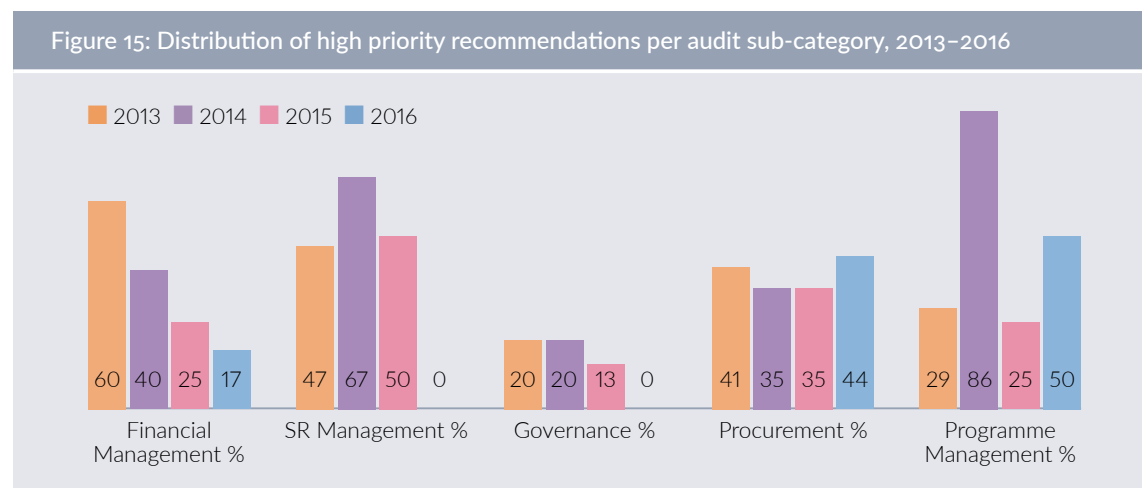
Good progress was made in the SR Management audit sub-category, which was previously identified as an area of weakness. The percent of 'high' (critical) priority recommendations decreased from 67 percent in 2014 to 50 percent in 2015, to zero in 2016. This improvement can be attributed to, among other factors, the

quality of the SR capacity assessment process, and tools and guidance materials developed by the HHD/GF/HIST to support COs in managing SRs.



Considerable progress has been made in the audit sub-category Financial Management, with the percent of 'high' (critical) priority recommendations continuously decreasing, from 60 percent in 2013 to 40 percent in 2014, 25 percent in 2015, and 17 percent in 2016. This has been achieved through the focused trainings that the HHD/GF/HIST has provided for finance staff working on Global Fund grants and as a result of the development of tailored reporting tools and guidance materials. The remaining issues in this area pertain primarily to expenditures,²⁰ and are the focus of the HHD/GF/HIST's support to COs in 2017.

Progress has also been made in the Governance audit sub-category, with the percentage of 'high' (critical) priority recommendations continuously decreasing, from 20 percent in 2013 and 2014, to 13 percent in 2015 and zero percent in 2016. The issues noted in this area pertained to organizational structure, staffing and capacity-building and exit strategy.²¹ For the HHD/GF/HIST's support to COs on capacity building, sustainability and transition, refer to Section V.



The highest percent (39) of audit recommendations (9 out of 25 recommendations) were in the Procurement audit sub-category, as was the case in 2015. This in part reflects the high percentage of the Global Fund's grant budgets (over 50 percent), which is allocated to health products and commodities.

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 20. More specifically, the issues noted in this area include the following: weakness in management and oversight of project funds; errors in expenditure classification; deduction of personal income tax from health workers.

21. More specifically, the issues noted in this area include the following: staffing not commensurate with workload of project; positions vacant for extended periods of time; transition plan was not completed.

There was a slight increase in the 'high' (critical) priority recommendations, from 35 percent in 2014 and 2015 to 44 percent in 2016. The issues noted pertained to inventory, warehousing and distribution, quality assurance of health products, and asset management.²² The HHD/GF/HIST continues to support COs to strengthen this area and to review the corporate procurement architecture for this specialized procurement. Specific issues and remedial actions pertaining to issues noted in the area of PSM are detailed below.

Weaknesses in inventory management, such as weak information systems to track and monitor pharmaceutical products and their stock levels

Inventory management in complex national health supply chains is a systemic issue, contrary to Quality Control (QC) (see below), which involves only UNDP but also a number of MOH entities (central medical stores, regional stores, local health authorities, pharmacy boards, etc.). This is the main reason it is a complex issue to address. However, the HHD/GF/HIST continues making efforts to further strengthen inventory management of pharmaceuticals in Global Fund projects, including by:

- Providing continuous support to the installation and use of inventory management software in central and regional medical stores.
- Establishing sub-recipient agreements with entities in charge of storage of health products, with mandatory regular reporting on stock levels.
- Piloting a new electronic Logistics Management Information System (LMIS) in Zambia, to further decentralize production and collection of stock levels' data in the supply chain.
- Making expertise in LMIS available to COs through specialized experts on the PSM roster.

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 22. More specifically, the issues noted in this area include: quality control testing plan documentation and testing of pharmaceutical and health products; weakness in inventory management systems; inadequacies in transfer of assets to Sub-recipients and incoming PR.

- Supporting some countries to develop plans for strengthening health systems plans (funded by the Global Fund) which include strengthening of LMIS (e.g. Guinea-Bissau).

The above actions demonstrate that, despite the inherent difficulties in having reliable inventory management systems in resource-limited settings, inventory management is continuously strengthened across the portfolio through actions taken by COs and the HHD/GF/HIST.

Lack of testing of pharmaceutical products

Several actions have been taken by the HHD/GF/HIST to address the issue of lack of testing of pharmaceutical products:

- Renewal of the LTA with QC laboratories: there are now six global LTAs with WHO-prequalified QC laboratories, located in various geographical areas (Africa, Europe, Asia, South-East Asia and North America). They facilitate QC testing by UNDP projects.
- Training: the UNDP online PSM training now has a module on quality assurance (QA) plans, which includes QC testing. Sessions on QC and QA are also part of the annual UNDP PSM workshop.
- Expertise: one of the procurement specialists of the HHD/GF/HIST is a dedicated focal point for QA/QC matters; there are also QA/QC experts available on the PSM roster for country support.
- Reporting: UNDP COs implementing Global Fund grants report annually to the HHD/GF/HIST on QC testing (products tested, results, sampling locations).
- Others: some procurement partners, such as the Global Drug Facility, a provider of second line TB medicines, do QC in pre-shipment, which reduces the need for QC by UNDP in-country. The overall procurement architecture for medicines ensures that these are procured from reliable suppliers with strong QA systems, therefore reducing the likelihood of quality issues. Data loggers (electronic thermometers) are now available through LTAs and allow monitoring of conditions during transport and storage of medicines.

The above actions highlight how the HHD/GF/HIST and COs give continuous attention to the issue of QC of medicines, particularly ensuring that instruments are in place to maintain high standards in this area.

Asset management

The HHD/GF/HIST, along with the Legal Support Office, is finalizing a revised Guidance Note on Asset Management to reflect the new provisions of the Framework Agreement signed with the Global Fund in October 2016. The Agreement states more precisely than the previous STCs that Global Fund grants are implemented not only in accordance with UNDP rules but also in line with decisions of its governing bodies. It also includes more provisions recognizing that UNDP rules prevail over any agreement with the Global Fund, including in matters such as asset management.

In the Programme Management audit sub-category there was no improvement in 2016. Twenty-four percent, or six of the 25 recommendations were in this area, with 50 percent being 'high' (critical) priority. Two of three 'high' priority recommendations pertained to weakness in monitoring and evaluation; the remaining recommendations concerned issues with project approval and implementation.²³ The HHD/GF/HIST has expanded its guidance and tools and is mobilizing capacity to provide targeted support to COs in this key area.

The implementation rates of OAI audit recommendations are presented in Table 6. As of 15 May 2017, there were no recommendations outstanding for 2015. For the 25 recommendations made in 2016, the rate of implementation was 78 percent, with 77 percent of the reports issued after 1 July. This is an improvement from 2015, when implementation was 68 percent with 46 percent

of the reports issued after 1 July; however, the COs need to ensure timely follow-up of recommendations. While they have now been implemented, two audit recommendations remained outstanding for more than 18 months,²⁴ which is the first time this has happened since the OAI commenced dedicated Global Fund audits in 2009.

The HHD/GF/HIST continues to analyse all audit findings and recommendations in great detail, and they serve as the basis for the development of tools, guidance materials, trainings and targeted support to COs. The focus for 2017 continues to be PSM, along with more support for monitoring and evaluation under the audit sub-category Programme Management.

Table 6: Trend of UNDP OAI GF audit report implementation rates

Year*	Audit Reports Issued	Recommendations	Outstanding recommendations	Outstanding recommendations over 12 months	Implementation rate
2009	4	48	0	0	100%
2010	10	90	0	0	100%
2011	11	73	0	0	100%
2012	15	68	0	0	100%
2013	14	69	0	0	100%
2014	12	54	0	0	100%
2015	14	53	0	0	100%
2016	13	25	10	10	78%

* The year represents the date of issue and not the year the audit was conducted

23. The issues noted in the area of project approval and implementation were as follows: challenges in operating context and complex relationships with Sub-recipients; Country Office response to emerging challenges not documented (high priority); delays in implementation of project activities (medium priority); compliance with policy on payments to government staff (medium priority).

24. Report No. 1454, issued 22 May 2015 (Cuba); Report No. 1539, issued 6 November 2015 (Iran).

Audits of Sub-recipients of Global Fund grants²⁵

Since 2013, in response to the identified high risk of SR management, the Global Fund portfolio has an enhanced SR audit process, which is completed through LTAs with external audit firms. The process is centrally managed by the HHD/GF/HIST, with strong support from the OAI, and has significantly reduced the administrative burden on COs (i.e. reviewing audit plans and engagement with the Global Fund). The process permits the consolidation of audit findings and recommendations, which assists the HHD/GF/HIST to define its support to COs.

For FY 2015, in line with the OAI's criteria on the harmonized approach to cash transfers (HACT) for the selection of SRs to audit, 25 projects in 16 of the 27 PR countries²⁶ undertook audits that required the auditors to certify, express an opinion and quantify the net financial impact (NFI) on three types of financial statements, namely: (i) Statement of Expenses – Combined Delivery Report; (ii) Statement of Cash Position; and (iii) Statement of Assets and Equipment. The audit reports covered project expenses totalling \$53 million, \$39.5 million (75 percent) of which was related to grants managed by UNDP under the Global Fund's ASP.²⁷

Auditors expressed unmodified opinions on the total of FY 2015 audited expenses and found that there was a NFI of zero. This marks continued improvement, with the NFI of qualified opinions decreasing from \$3 million (or 22 percent) in FY 2012 to \$0.2 million (or 0.3 percent) in FY 2013, \$0.02 million (or 0.03 percent) in FY 2014 and zero in FY 2015 (see Figure 16).

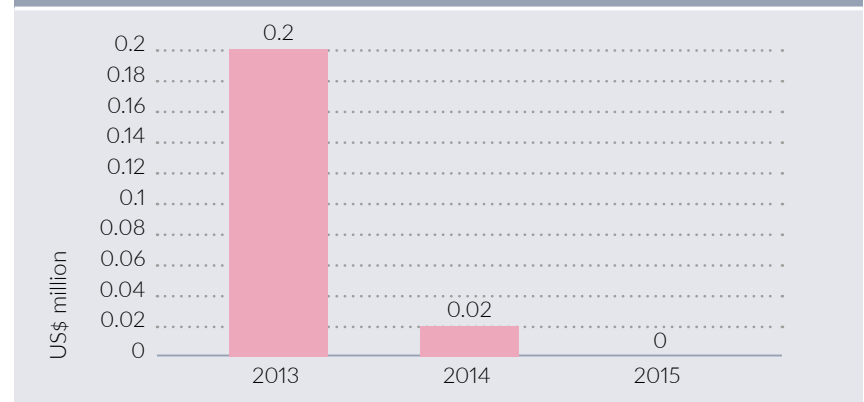
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25. Except for United Nations entities, organizations engaged as Sub-recipients of those grants are required to be audited by external audit firms pursuant to UNDP procedures for audits of projects under the harmonized approach to cash transfers (HACT) modality, and to submit those audit reports to UNDP.

26. Audits in Cuba, Haiti, Iran and Uzbekistan were completed by local audit firms and not by the corporate level LTAs with UNDP. This includes countries under regional and multi-country grants.

27. The ASP is a risk management tool applied by the Global Fund on the basis of identified risks in countries where a grant or group of grants is/are being implemented.

Figure 16: Comparison of net financial impact of qualified opinions (US\$ million) from FY 2013–2015



In addition to the financial audit, the external audit firms were also required to provide general assessments of internal controls, according to established internal control standards. In all, the external audit firms made 254 recommendations for the 25 projects audited: 29 (11 percent) were categorised as 'high' priority; 150 (59 percent) 'medium' priority; and 75 (30 percent) 'low' priority. The nature of the audit observations and recommendations are categorised by seven audit areas, as predetermined by the OAI in the Comprehensive Audit and Recommendation Database System. Distribution by audit area and risk severity for the 254 audit observations and recommendations is shown in Figure 17.

Most of the audit observations belonged to three core audit areas: Financial Management; Human Resources Selection and Administration; and Management and use of Equipment/Inventory.

With respect to Financial Management, the most common audit issues relate to lack of adequate accounting systems and controls, including misclassification of expenses, cheque handling errors and weak supporting documentation. Human

Resources Selection and Administration issues mainly encompassed poor management of contracts, salaries and performance evaluations. Regarding Management and use of Equipment/Inventory, issues mainly dealt with lack of proper inventory and control systems.

The audit firms were required to review the progress achieved by the SRs in implementing the prior year's audit recommendations (FY 2014) and to report on the action plans for those recommendations. Of the 30 'high' priority recommendations, 22 (73 percent) had been implemented by the end of 2016, while four (13 percent) had not. The remaining four (13 percent) were no longer applicable. This marks a decline in terms of percentage from FY 2014, for which 81 percent of 'high' priority recommendations were implemented by the end of 2015, but an improvement on FY 2012, when 64 percent of 'high' priority recommendations had been put in place by the end of 2014.

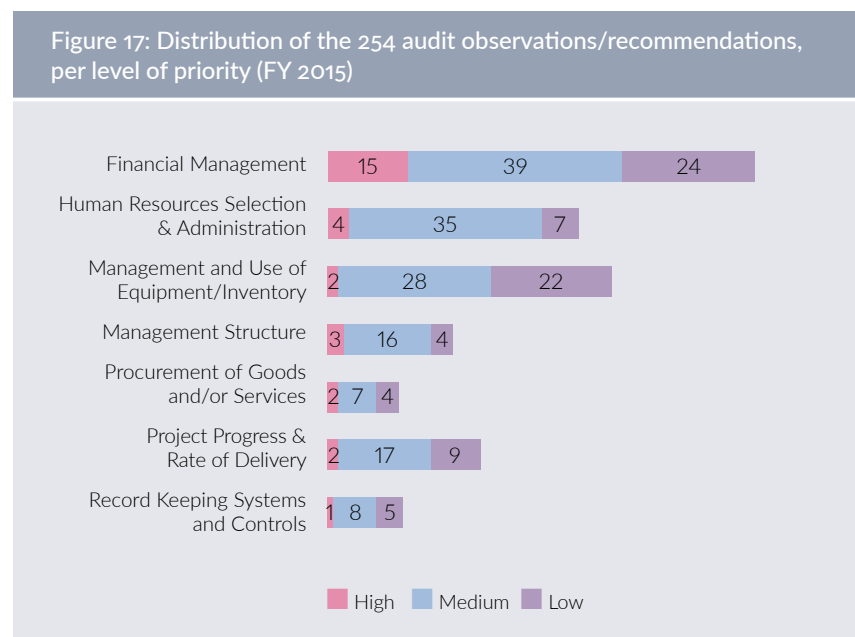
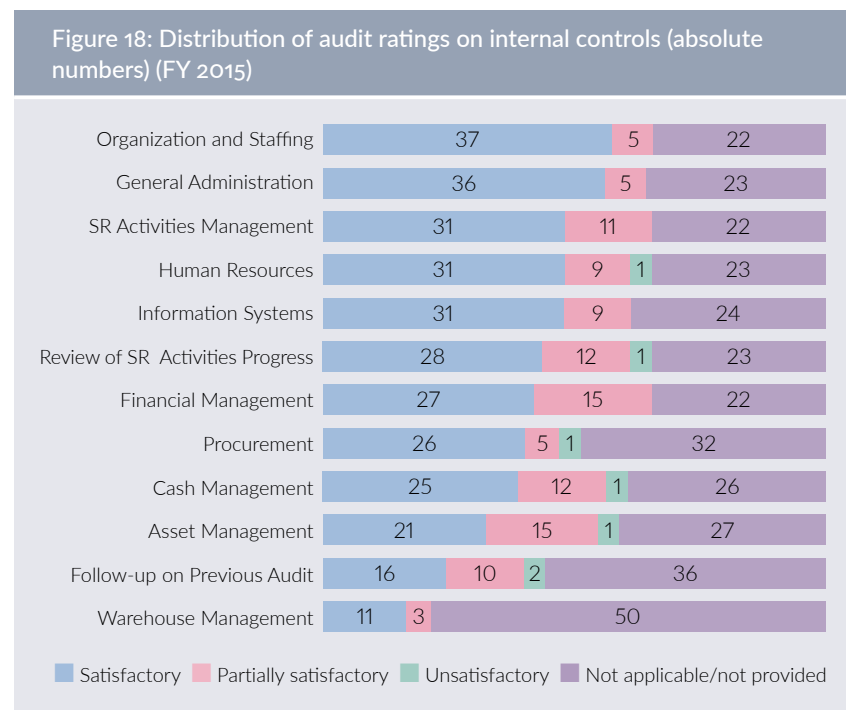


Figure 18 presents, in absolute numbers, the distribution of ratings on internal controls by audit area reviewed for the 64 SRs audited. For FY2015, the auditors found 'satisfactory' internal controls in the following areas: Organization and Staffing, General Administration and SR Activities Management. The number of 'unsatisfactory' ratings was relatively low, and were given in the following areas: Human Resources, SR Activities Progress, Procurement, Cash Management, Asset Management and Follow-up on Previous Audit Recommendations.

The audit firms were required to submit a consolidated report of all SR findings and recommendations for the country, an important tool used by COs to review their systems and processes for SR management (monitoring), contractual terms (i.e. payment modality), and to focus their SR trainings.



v. Capacity development: building resilient health systems for sustainable transition

UNDP's role as PR is an interim arrangement that lasts until one or more national entities (i.e. government entities and/or CSOs) are ready and able to take over grant implementation, when circumstances in the country permit. While supporting countries to implement grants and ensure timely delivery of services, and in line with its core corporate mandate, UNDP helps develop the capacity of national entities to strengthen existing systems, making them more sustainable and resilient. Sustainability and resilience are particularly important given the challenging contexts in which UNDP operates as PR of Global Fund grants.

Building sustainable systems not only prepares countries to assume the role of Global Fund PR when circumstances permit: given the current landscape for health-related official development assistance, it is also a vital aspect of ensuring that countries can sustain and expand the gains achieved to date, as donors such as the Global Fund gradually transition out of countries that become ineligible for funding. This is particularly problematic for countries that have seen their per capita income rise in the past few years, affecting their eligibility to access donor resources without necessarily reflecting the challenges affecting their health response and systems, and their ability to sustain progress toward universal, equitable access to basic health services.

Strengthening the sustainability and resilience of health systems and responses is not limited to government entities. As donors, such as the Global Fund and the US President's Emergency Plan for AIDS Relief (PEPFAR), are gradually phasing out their investments in some countries that have reached middle-income status, governments are required to take over funding of many HIV services, which generates multiple demands and pressures on existing systems and resources.

This includes a risk of discontinuation of financing of crucial activities targeted

at key populations, such as sex workers, people who use drugs and MSM, activities that are often best implemented at community level by local CSOs and NGOs. UNDP supports governments to establish institutional arrangements and capacities for 'social contracting' of NGOs for HIV and other services, in line with its mandate and activities on strengthening governance and civil society engagement.

1. Progress on capacity development in the portfolio

In line with the growing focus on improving performance and results, managing risk and increasing sustainability and resilience, demand for capacity development (CD) plans from national counterparts and the Global Fund continued to increase. This demand has been supported with financial resources allocated from grant funds to support some of the priority areas. Part of the momentum behind the new CD plans is the expectation of a transition of some or all of the PR functions from UNDP to national entities. The new CD plans place a stronger policy and programme management emphasis on UNDP COs to oversee the implementation and monitoring of such plans jointly with national entities.

UNDP provided direct support to Afghanistan, Belarus, Kyrgyzstan, Sudan, Tajikistan, Uzbekistan and Zimbabwe, among other countries, to support CD and transition processes that took place in 2016. Diverse approaches were taken to reflect the country context and priorities. In **Sudan**, a CD monitoring framework was designed and put in place, support was provided to establish the first national PR Project Implementation Unit (PIU) and a participatory CD planning process was jointly facilitated with UNFPA to strengthen CSOs working on HIV prevention with key populations.

A joint UNDP / Global Fund-financed CD plan in **Zimbabwe** was implemented in 2016. One of the key results was the roll out of the Ministry of Finance Public Financial Management System (PFMS) in the health sector, to provide 'real time' budgeting, electronic payment and an accounting system at central, provincial and district level for the TB and malaria grants, where the PR role has

transitioned from UNDP to the MOH. The connectivity required at all districts was achieved by combining PFMS fibre optic cabling requirements with the District Health Information System. At the end of 2016, UNDP facilitated a review with the MOH of the CD Plan and produced a revised Capacity Action Plan for 2017, including the configuration of the PFMS to include the HIV grant.

The first phase of CD and transition in **Zambia** enabled UNDP to successfully hand the interim Global Fund PR role back to the MOH in 2015. In 2016, the second phase of CD was implemented to strengthen the Provincial Medical Offices (PMOs) across the country to become SRs for the MOH as the new PR. This CD involved the development of supporting software, strengthening financial management, and structured work-based mentoring by a joint team from UNDP and the MOH, to manage change and enhance skills. A further round of strengthening supply chain management for MSL has been completed, which included the deployment of a warehouse management system and piloting of an inventory system.

UNDP is currently providing health systems strengthening support to the MOH in Zambia to help identify future needs and diversify UNDP support in this area. A Zambia / Zimbabwe study tour was facilitated by UNDP to allow senior health sector officials from both countries to share challenges, experiences, knowledge and solutions for strengthening systems to deliver responsive services.

A new CD initiative has been started in **Afghanistan**, designed to strengthen health systems for services delivered by NGOs at the provincial level, with the MOH taking a quality assurance and custodian role. Innovative approaches are being introduced, including an incubator to provide management and coaching support to enable CSOs to access funding to reach key populations. New regional grants in **Africa** and the **Caribbean** have been supported by UNDP to produce tailored CD plans for regional and national NGOs. These CD plans have been designed to strengthen systems and at the same time reflect the support of the regional grants to remove legal barriers to access to services by

strengthening the legal and policy environment.

To continue to identify, capture, codify, document and make accessible the growing body of knowledge for developing resilient and sustainable systems for health, Version 2.1 of the UNDP Global Fund Capacity Development Toolkit was developed and launched in 2016 (for details see section VI.3).

UNDP has a strategic opportunity to capitalize on the knowledge and capability it has built for strengthening systems for health. The main elements of this opportunity are to:

- Continue to respond to the increase in demand for CD from national entities and the Global Fund, both while UNDP remains PR and during a transition of the PR role to national entities.
- Leverage CD during the diversification of UNDP's business model to support national partners in health implementation, including procurement, financial management, programme management, monitoring and evaluation and enabling legal and policy environments.
- Build stronger links between CD, risk management and audit as well as performance management.

2. Planning the transition of the role of Principal Recipient to national entities

Out of the 19 countries where UNDP is PR of Global Fund grants:

- The following countries have capacity development plans in place/under implementation: Bolivia, Kyrgyzstan, São Tomé and Príncipe, South Sudan, Sudan, Tajikistan, Zambia and Zimbabwe.
- Capacity development plans are under development in the following countries: Afghanistan, Angola, Belize, Chad, Djibouti, Guinea-Bissau, Iran and Mali.

It should be noted that in some cases CD plans are not required because UNDP's role as PR is not related to capacity issues but rather due to countries being under sanctions (e.g. Cuba), or legal frameworks impeding government authorities

to channel resources to NGO implementers, etc. Also worth noting is that as UNDP transitions out of the PR role, this reduces the number and proportion of countries that have CD plans in place and under implementation.

The sustainable transition or handover of the PR role from UNDP to national entities can be one of the results of the CD process. The success factors include:

- National vision and leadership to ensure ownership of the process and the results.
- Responsiveness to the political context and priorities and the ability to gain consensus on the CD and transition interventions using evidence-based approaches.
- A phased approach to transition to mitigate risk, develop resilient programmes and sustain life-saving services.
- A facilitated participatory process to engage stakeholders and partners in conducting evidence-based assessments, prioritize action planning and agree measurable milestones.
- Having a rationale for the return on investment in the functional capacities, and strengthening laws, policies and systems as a key building block of resilient national disease responses.

Where the national entity has previously been a PR and/or a large well-performing SR, the risks involved are lower and the milestones more easily achieved. A phased approach may be more appropriate over a longer period in fragile countries impacted by conflict or natural disasters and/or with difficult operating environments. Where the Global Fund has the ASP in place, additional strengthening of oversight and accountability systems and programme governance might be needed before the transition milestones are achieved.

To date, UNDP has fully transitioned out of the PR role in 26 countries. In 2016 alone, UNDP fully transitioned out of this role in five countries (eight grants). Current plans are for UNDP in 2017–2018 to partly or fully transition out of two

of the 19 countries where it currently acts as PR, and that it will fully transition out of another six countries by 2021. In 12 countries (Afghanistan, Angola, Bolivia, Chad, Djibouti, Guinea-Bissau, Iran, Mali, South Sudan, Sudan, Tajikistan and Zimbabwe), a transition is not planned for the time being, as UNDP is likely to be requested to continue in its role of PR for at least one grant, due to particularly difficult or special circumstances (see Figure 19).

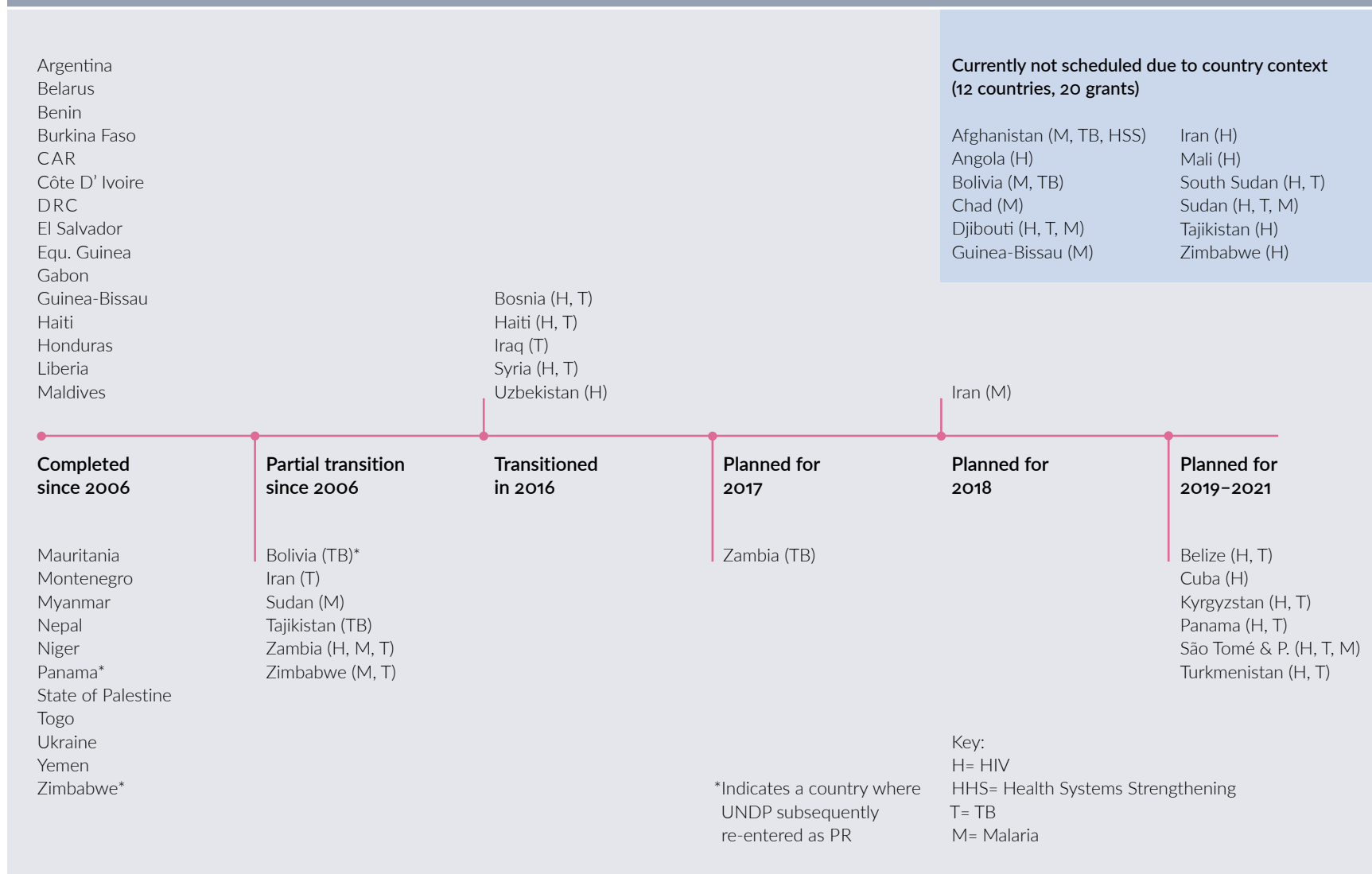
It should also be noted that the timelines mentioned above are estimates, as country contexts can evolve rapidly. Thus, decisions on which entity should assume the PR role, and when, can be unpredictable and subject to sudden changes and reversals, which can be a challenge for CD and transition planning processes.

The HHD/GF/HIST has recently developed Sustainable Transition guidelines based on the experience to date, which include a transition strategy, process and frameworks, together with lessons learned.

Key developments with regards to transition of UNDP managed Global Fund grants include:

- **Belarus** completing a phased PR transition to a new national entity.
- The approval and implementation of the next phase of the Capacity Development and Transition Plan that has enabled the MOH in **Zambia**, as PR, to strengthen the management of SRs in all provinces.
- The implementation in **Zimbabwe** of a fully funded Capacity Development and Transition Plan, with continued support from UNDP to the national PR, including a CD officer located partly in the Ministry of Health and Child Care. The main result was the strengthening of the PFMS in the health sector at district level.

Figure 19: Status of transition plans for countries where UNDP is Principal Recipient



Annex: Report on Support to UNDP Country Offices by the HHD/Global Fund/Health Implementation Team

UNDP's HHD/GF/HIST provides end-to-end support to UNDP COs implementing Global Fund grants, from the design of the programmes and implementation arrangements, support to recruitment of key positions, support to procurement processes, follow up on audit recommendations and feeding back the lessons of implementation into the design of tools and guidance. The HHD/GF/HIST's primary goal is to provide quality and timely support to COs (in close coordination with Regional Bureaux) to implement high performing Global Fund grants—and to manage UNDP's partnership with the Global Fund at the corporate level.

The team's other goals are to: (i) enhance the results and performance of Global Fund grants managed by UNDP, (ii) further strengthen UNDP's risk management of its Global Fund portfolio, (iii) scale-up and systematize UNDP's work to develop the capacity of national entities to take over as PR, (iv) enhance the value of UNDP as a policy and programme partner, and (v) manage corporate-level agreements to streamline operational and oversight procedures and requirements.

Increasingly, as mentioned in section II of this report, the team also provides support to UNDP COs for the procurement of health products and equipment on behalf of governments, using government resources.

1. Direct support to Country Offices

Table 7 provides an overview of the direct support that the HHD/GF/HIST provided to COs.²⁸ This includes supporting the start-up of new Global Fund portfolios, negotiations of grant documents and grant agreements with the Global Fund, orderly closure of grants that are ending, support to regular financial and programmatic progress reporting, and a range of other aspects of Global Fund grant implementation. The team also supports COs in improving procurement planning, negotiating cost-sharing agreements for procurement and supply chain

services provided to governments, and following-up on procurement processes to ensure timely delivery of quality assured products. CD and transition planning is also supported across the portfolio as part of UNDP's core mandate.

In addition, the team supports and helps mobilize support for a series of applications for regional or multi-country programmes. This has recently included supporting expressions of interest for regional programmes in Africa, Asia-Pacific and Latin America and the Caribbean, some of which subsequently moved to the full funding application phase and for which UNDP is the PR.

In addition to the support provided throughout the lifecycle of the grants, the HHD/GF/HIST provides direct support to the recruitment of programme managers, for senior procurement-related positions, and for financial specialist positions (i.e. for the shortlisting and interview process). The team also provides support to COs in identifying and recruiting consultants when necessary.

The HHD/GF/HIST established a roster of experts covering programme management, monitoring and evaluation, CD and transition and sustainability planning, national strategic plan/policy and funding proposal development, and financial management. The roster will be valid for three years, with periodic reviews and calls for applications. Experts have been carefully vetted before being placed on the roster, which is available to UNDP COs according to their needs.

In a recent internal survey, the support services that the HHD/GF/HIST provides to COs were rated very favourably, reflecting the important role of end-to-end support to ensure effective implementation and good performance.

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28. Support to Country Offices referenced here also includes support to Regional Service Centres managing regional and multi-country grants.

Table 7: Overview of HHD/GF/HIST support to UNDP Country Offices

Country support missions by the HHD/GF/HIST	Afghanistan; Africa Regional grant (2); Angola; Belarus; Belize (2); Bolivia (2); Burundi; Cuba; Chad (2); Djibouti; Jamaica (Multi-country Americas – Regional Caribbean grant) (4); Kyrgyzstan (3); Malawi; Mali (3); Nigeria (4); Panama (4); Philippines; São Tomé and Príncipe (2); South Sudan (3); Sudan (11); Tajikistan (2); Turkmenistan; Ukraine (2); Uzbekistan (2); Vietnam; Zimbabwe (2).*
Support to new grant start-up/new PR role	Afghanistan; Africa Regional grant; Angola; Belize; Bolivia; Chad, Panama; Multi-country Americas – Regional Caribbean grant.
Support to health procurement/health implementation role	Belarus; Bosnia-Herzegovina; Chad; Equatorial Guinea; Guinea-Bissau; India; Kazakhstan, Malawi; Moldova; Namibia; Philippines; Sudan; Ukraine; Uzbekistan; Zambia.
Countries supported for funding proposal submission (Concept Note, etc.)	Cuba; Iran; Guinea-Bissau; Kyrgyzstan; Multi-country Americas – Regional Caribbean grant; Sudan; Zimbabwe.
Countries supported for grant making/grant negotiations (new grants, extensions)	Angola; Bolivia; Guinea-Bissau; Iran; Kyrgyzstan; Multi-country Americas – Regional Caribbean grant; Turkmenistan, Tajikistan.
Support to submission of expression of interest for Regional Programmes	Middle East Regional grant; Papua New Guinea; Multi-country Americas – Regional Caribbean grant; Regional programme – South Asia.
Support to submission of expression of interest for country PR role	Bolivia; Burundi; Papua New Guinea; Timor Leste.
Support to Progress Update/Disbursement Request submission	Africa Regional grant; Angola; Belize; Bolivia; Djibouti; Panama; Multi-country Western Pacific; São Tomé and Príncipe; Sudan; Tajikistan, Kyrgyzstan.
Support to performance framework revision/renegotiation	Angola; Belize; Bolivia; Cuba; Guinea-Bissau; Iran; Panama; Sudan; Tajikistan.
Support to financial reporting	All countries in the portfolio.
Support to grant closure	Angola; Belarus; Guinea-Bissau; Haiti; Iraq; State of Palestine; Sudan; Syria; Tajikistan.
Support to capacity development/transition planning and activities	Afghanistan; Africa Regional grant; Belize; Belarus; Cuba; Kyrgyzstan; Malawi; Panama; Regional Africa grant; Regional Caribbean grant; Sudan; Tajikistan; Turkmenistan; Zambia; Zimbabwe.

* number between brackets indicates the number of missions to the country over the period.

Table 7 / continued

Countries supported for procurement planning/PSM activities	Angola; Equatorial Guinea; Guinea-Bissau; India; Iran; Kyrgyzstan; Namibia; Nigeria; South Sudan (2); Sudan (2); Tajikistan; Turkmenistan; Sudan; Uzbekistan; Zambia; Zimbabwe (4).
Support to emergency procurement	Belarus; Bhutan; Chad; Equatorial Guinea; Guinea-Bissau; Iran; Sudan; Tajikistan; Uzbekistan; Zambia; Zimbabwe.
Support to quality assurance planning and follow-up	All countries in the portfolio.
Support to SR selection/value for money assessment process	Africa Regional grant; Angola; Belize; Chad, Kyrgyzstan; Jamaica; Multi-country Americas – Regional Caribbean grant; Panama.
Support to OAI audit process	Guinea-Bissau; Iraq; Mali; Regional Programme – South Asia; South Sudan; Syria; Zimbabwe.
Support to implementation of OAI audit recommendations	Cuba; Djibouti; Guinea-Bissau; Haiti; Iran; Iraq; Mali; PAPP; South Sudan; Sudan; Syria; Tajikistan; Uzbekistan; Zambia.
Support to SR audit process	All countries in the portfolio.
Support to CCM funding agreement	Caribbean Regional Oversight Mechanism; Solomon Islands.
Support to recruitment of PMU staff and consultants	Afghanistan; Belize; Djibouti; Chad, Guinea-Bissau; Kyrgyzstan; Multi-country Americas – Regional Caribbean grant; Panama; Regional Oversight Mechanism for Latin America; South Sudan; Sudan; Tajikistan; Ukraine; Zambia; Zimbabwe.

2. Enhancing performance and sharing lessons learned through Country Office-to-Country Office support

Active Country Office-to-Country Office (CO-CO) support, which is facilitated by the HHD/GF/HIST in consultation with UNDP’s Regional Bureaux, is part of a broader support strategy that seeks to encourage experience-sharing to maximize effectiveness and performance, while contributing to UNDP’s talent management efforts.

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29. Also includes Regional Service Centres implementing Global Fund grants

This support mechanism entails the travel of colleagues from one UNDP CO²⁹ to another to support key processes at various stages of a programme’s lifecycle. This builds on UNDP’s ability to quickly mobilize capacity, with the added benefit of often exposing national staff to international experience.

The HHD/GF/HIST facilitated 11 CO-CO missions for Global Fund grant implementation, which included hands-on support and sharing of good practices. Since 2010, 76 such missions have been organized to facilitate CO-CO support.

3. Tools and guidance materials

The HHD/GF/HIST continues to produce and improve guidance materials and platforms to support COs at various stages of grant implementation. The development of guidance materials is planned and adapted in response to OAI and SR audit findings, mission findings and UNDP and Global Fund policy changes.

One key achievement was the development of the new web-based UNDP Global Fund and Health Implementation Guidance Manual (the 'Manual').

The Manual is a comprehensive and user-friendly resource that provides guidance, best practices and links to existing Global Fund and UNDP policies and procedures that are relevant to the implementation of Global Fund grants by UNDP and other entities. It does not establish or replace existing UNDP Programme and Operations Policies and Procedures (POPP).

This web-based manual was designed to facilitate user access to key and up-to-date guidance and tools for the implementation of Global Fund financed projects, and boasts the following features:

- Easy navigation and search function: the structure of the content allows for easy navigation between sections, which are organized by thematic area. Key relevant resources are clearly featured at the bottom of each content page for ease of access.
- Clear linkages to POPP: direct links to relevant POPP pages are included throughout the Manual.
- Resource repository: organized by topic, this repository provides access to all guidance documents, tools and templates, as well as links to POPP, Global Fund and other relevant websites.
- Simplified project lifecycle 'process maps': these maps give a basic overview of key steps in the different stages of the grant lifecycle, with direct links to relevant sections in the Manual at each step.
- PDF feature: users have the option to download and print individual sections of the Manual, if preferred.

This dynamic tool is the result of a consultative process among experts within the HHD/GF/HIST; the wider HIV, Health and Development Group; UNDP COs implementing Global Fund programmes across all regions; and expertise from other units within UNDP, including the OAI and Legal Support Office.

The Manual will be in the public domain and available for use by not only UNDP COs, but also by other partners that may be seeking guidance on implementing a Global Fund programme—an important addition to UNDP's contribution to national capacity building, while also aligning with the organization's commitment to transparency.

Another highlight was the launch of Version 2.1 of the UNDP Global Fund Capacity Development Toolkit. In addition to the updated main features, a new critical enablers section is being rolled out. This section explains what critical enablers are, why they are important to the work of the Global Fund, UNDP and country stakeholders, and how they can strengthen effective national HIV, TB and malaria responses. The toolkit provides guidance on how to promote and protect human rights and gender equality, scale up human rights programmes and remove barriers to accessing services. These include services for key populations, in national HIV, TB and malaria strategies, policies and programmes, in alignment with the Global Fund Strategy 2017-2022 and UNDP's HIV, Health and Development Strategy 2016-2021. More specifically, the section aims to strengthen the capacity of partners to develop and implement proposals, strategies, policies, plans and programmes that are rights-based, promote gender equality, reduce gender-based violence and create enabling legal and policy environments that protect and promote the rights of people living with, affected by and vulnerable to HIV, TB and malaria.

Other examples of implementation tools and guidance materials produced include:

- A new Procurement Action Plan Dashboard specifically designed for the analytics and reporting of the consolidated Procurement Action Plans by COs.

The dashboard outlines the overview of the annual procurement planning timeframe and includes highlights on global commodities and spending, partnerships and other areas for potential collaboration. The dashboard is used as a strategic tool to manage supply chain management risks, help identify areas for collaborative procurement and cost-savings and facilitate spending analysis to determine the suitable supply architecture, including development of LTAs. The data analysis and published reports featured from the dashboard will also be useful to support negotiations with suppliers in terms of volume and accumulation discounts.

- In addition to the experts' roster for programme management, UNDP has established a pre-approved Health PSM roster of experts and senior experts, who can be quickly deployed to provide consultancy services on PSM specifically pertaining to the health sector. As of May 2017, the Health PSM Contract Management System Tool has been provided for the Health PSM Roster. All requests, deployments and contracts are managed on this tool – along with a collection of Health PSM consultant performance analytics and key performance indicators – by the Health PSM-appointed roster manager.

4. Corporate agreements

The HHD/GF/HIST continued to update existing agreements and negotiate new ones with the Global Fund to streamline implementation. As noted in Section 1.2, UNDP and the Global Fund concluded a new Framework Agreement that replaces the previous STCs and updates, improves and streamlines the terms of UNDP's engagement with the Global Fund.

Additional agreements and tools that complement the Framework Agreement include:

- Template Grant Confirmation.
- Template Signatory Authority Confirmation for Grant Agreements.
- Template UN Sub-recipient Agreement.
- Standard Terms and Conditions for CCM Funding Recipient.
- New License Agreement between UNDP and the Global Fund.

5. Communication products

The HHD/GF/HIST produced various communication and knowledge products to highlight the partnership with the Global Fund and its achievements.

Key highlights include:

- A photo story and video (produced by UNDP Afghanistan) on the Afghanistan nurses training programme under the health systems strengthening Global Fund grant for which UNDP is co-PR with the MOH. The story and video were featured on various media and platforms, including Women Deliver. The Global Fund also repurposed the content to produce its own story and video, which was featured on the home page and blog section of its website, and on social media pages.
- A photo story and four videos (produced by UNDP Chad) on fighting malaria in Chad, to coincide with World Malaria Day, and the massive distribution of bed nets in Chad under the UNDP-managed malaria grant. The videos were widely seen (the video highlighted on UNDP's Facebook account had 5,000 views) and content from the video was featured in news programmes of ZDF (Germany) and TV5 (France).
- A story on tackling TB in Kyrgyzstan's prisons to coincide with World TB day (produced with UNDP Kyrgyzstan) and a photo story on tackling gender-based violence in South Sudan (produced with UNDP South Sudan).
- Blogs on lessons learned tackling TB in Syria (Devex) and on the Win, Win, Win of Solar Energy for the Health Sector (Huffington Post).
- Leaflet on the Solar for Health initiative.

Other communication products included media releases posted on UNDP's public website for key partnership events.

6. Training and knowledge sharing

Support to COs through training and knowledge sharing by the HHD/GF/HIST included:

- A programme and finance workshop for COs in Western/Francophone Africa.
- A procurement and supply chain management workshop for select COs from West/Francophone Africa.
- A series of policy updates, disseminated by email and through the online, dedicated Yammer space, on significant policy changes at the Global Fund (challenging operating environments policy, portfolio differentiation policy, access to funding, etc.) and thematic issues to support grant implementation (e.g. QC of health products).
- Webinar for COs in Latin America and the Caribbean region on UNDP's service offer and modalities for health procurement and supply chain support.
- Regular updates, shared by email and through the UNDP online Yammer space, on new or revised Global Fund policies and procedures, how those affect implementation of programmes managed by UNDP, and practice pointers for UNDP COs.

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1 United Nations Plaza
New York
NY 10017
United States

www.undp.org