United Nations Development Programme partnership with the Global Fund

Annual Report 2015 – 2016

UNDP 50 YEARS

Empowered lives. Resilient nations.

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Executive summary

UNDP's partnership with the Global Fund is a powerful contributor to the 2030 Agenda for Sustainable Development, including Sustainable Development Goal 3 (SDG 3 Good health and well-being) and is consistent with UNDP's Strategic Plan (2014-2017). The partnership is also closely aligned with the guiding principles and action areas emphasized in UNDP's HIV, Health and Development Strategy 2016-2021: Connecting the Dots. Through this partnership, UNDP plays a key role in supporting countries facing challenging circumstances to deliver on SDG 3, strengthen institutions to deliver essential basic services, and return to sustainable development pathways in post conflict and post-disaster settings.

The results of the partnership continue to be remarkable. For instance, over 2.5 million lives have been saved through UNDP-managed grants since 2002, 1.9 million people are currently on life-saving antiretroviral treatment, 860,000 cases of tuberculosis (TB) were detected and put on treatment, 11 countries have achieved a TB case detection rate that exceeds the global target of 70 percent, and six countries have decreased the incidence of malaria by 75 percent – among many others.

One of several highlights in 2015/2016 was the significant reduction in the price of HIV medicines procured by UNDP, bringing down the cost of the most common treatment combination to an unprecedented US$100 per patient per year in Equatorial Guinea, Haiti, Mali, South Sudan, Zambia and Zimbabwe. These price reductions are saving $25 million that can be used to put an additional 250,000 people on life-saving HIV treatment. Only 12 years ago these medicines cost more than $10,000 per patient per year.

The performance of UNDP grants has reached a record high: 70 percent of UNDP grants are currently rated A1 or A2 by the Global Fund, compared with 38 percent of grants implemented by other partners, despite the fact that UNDP is operating in the most challenging country contexts, including Afghanistan, Chad, Iraq, Mali, Syria, South Sudan, Sudan.

As of March 2016, UNDP is managing 41 Global Fund grants covering 23 countries and three regional programmes in South Asia covering seven countries, Western Pacific covering 11 countries, and Africa covering 10 countries. UNDP's Global Fund-related expenditure in 2015 was $423 million.

Strategically speaking, in 2015/2016, the partnership between UNDP and the Global Fund was marked by increased convergence among implementation support, capacity development/systems strengthening, and policy. First, UNDP continued to play a key role as implementer of Global Fund grants in crisis and early recovery environments. Second, UNDP responded to increasing demand for capacity development from national entities and the Global Fund, to strengthen resilient systems for health through a new generation of capacity development plans, and through financial resources allocated from grant funds to support priority areas. And third, as UNDP's policy and implementation roles increasingly converge and reinforce each other, UNDP is supporting the Global Fund to increase engagement on human rights, key populations and gender aspects of disease responses at strategic, policy and programme levels (as priority objectives in the *Global Fund Strategy 2017-2022: Investing to End Epidemics*). At implementation level this includes guidance, tools and trainings for Global Fund stakeholders as well as incorporation in the budgets and results frameworks of Global Fund grants that UNDP manages.

In addition, in 2015/2016 UNDP continued to broaden the range of support services it provides to countries receiving Global Fund grants. While the core function of the partnership remains the management of Global Fund grants in challenging contexts in a Principal Recipient role, governments are increasingly requesting other types of support services such as financial management and/or procurement support from UNDP.

Lastly, in 2015/2016 UNDP's Global Fund/Health Implementation Support Team continued to provide targeted support and guidance to UNDP Country Offices implementing Global Fund grants, by providing direct support, facilitating support from Country Offices to other Country Offices, and implementing a range of tools, guidance materials, and knowledge sharing events.

This Annual Report provides an analysis of the overall status of the partnership between the Global Fund and UNDP and strategic opportunities moving forward; an overview of the performance and results of Global Fund grants managed by UNDP; an update on the status of capacity development and transitions to national Principal Recipients; and a report on the work of UNDP's Global Fund/Health Implementation Support Team in 2015 and its support to UNDP Country Offices.

Contents

I Overall status of the partnership

1. Health landscape and the 2030 Agenda

2015 was marked by the convergence and culmination of a number of processes, including the adoption of the Sendai Framework for Disaster Risk Reduction, the Addis Ababa Action Agenda on Financing for Development, the conclusion of the Millennium Development Goals (MDGs) cycle and the adoption of the 2030 Agenda for Sustainable Development (2030 Agenda), including the SDGs and related 2030 targets, and lastly the adoption of the Paris Climate Agreement. The recovery from the Ebola crisis in West Africa also entered a new phase, while other health emergencies, such as the Zika outbreak, emerged during 2016. All these processes and developments have significant implications for the response to HIV, TB and malaria, and more broadly for the global health and development agenda.

The adoption of the 2030 Agenda is a particularly important milestone in this respect. The 2030 Agenda reflects and responds to the increasing complexity and interconnectedness of health and development, including widening economic and social inequalities, rapid urbanization, threats to climate and the environment, the continuing burden of HIV and other infectious diseases and the emergence of new health challenges, such as the growing burden of non-communicable diseases (NCDs).[1] Universality, sustainability and ensuring that no one is left behind are hallmarks of the 2030 Agenda.

SDG 3's comprehensive and ambitious agenda, to ensure healthy lives for all at all ages, highlights the imperative need to tackle HIV, TB and malaria as part of a broader health agenda that focuses limited resources on building or rebuilding resilient health systems that can withstand crises. This is combined with the need to focus on key populations and drivers of the epidemics (and related 'hotspots'), integrate interventions to address comorbidities and other non-communicable diseases, and strengthen the capacity of countries to increasingly finance health and development with domestic resources, while ensuring financial and environmental sustainability to protect and advance gains.

The ambitious target to end the HIV, TB and malaria epidemics by 2030 will require sustained and increased efforts in an increasingly competitive financial environment. The combination of the global economic slowdown and the refugee crisis in the Middle East now reaching Europe is generating serious fiscal pressure on major donors, with likely impacts on international health financing. The current momentum around the climate agenda is welcome, but has the potential to divert donor attention and resources away from the fight against the three diseases, in spite of the obvious interlinkages between the various SDGs. In other words, many countries may be required to do more with even less, at a time when the goal line seems within reach and efforts should be intensified.

2. Implications for the Global Fund's strategic focus

The Global Fund has entered its Fifth Replenishment phase (2017-2020) and is currently focused on securing the funds required to achieve its mission and the priorities of the *Global Fund Strategy (2017-2022): 'Investing to End Epidemics',* which it adopted in April 2016 at its 34th Board meeting.

1. United Nations General Assembly, 18 September 2015. Transforming our World: The 2030 Agenda for Sustainable Development. A/70/L.1.

In light of the current health and financing landscape for HIV, TB and malaria, the Global Fund is gradually shifting its strategic focus along the following three lines:

- Stronger emphasis on strengthening health systems beyond HIV, TB and malaria, in realization that vertical disease approaches have failed to prepare countries for shocks such as the Ebola crisis. Synergies with other major investors in strengthening health systems, such as the Global Alliance for Vaccines and Immunisation (GAVI) and the United States President's Emergency Plan for AIDS Relief (PEPFAR) are being consolidated.

- Strong drive to highlight countries' own responsibilities for the domestic financing of the diseases, which raises issues in terms of a) the ability of some middle-income countries (particularly recently 'graduated' ones) to address significant challenges and absorb financing needs, especially when large scale-up in services have been initiated in recent years; and b) consolidating gains and continuing to reach at-risk and vulnerable populations.

- Efforts to remain relevant in the future, by positioning the organization beyond HIV, TB and malaria. This includes efforts to increase its influence on the market of health commodities through its own pooled procurement function and launch of an e-commerce platform, which it is positioning as a future global public good.

In spite of this trend, for the time being the core business and *raison d'être* of the Global Fund remain essentially unchanged. Through the current Global Fund replenishment process, which will conclude in Q3 of 2016, the organization is seeking to secure $13 billion to fund interventions over the next four years. If successful, the Global Fund will be in a strong position to implement its new strategy and strengthen its contribution to the 2030 objectives.

3. Current state-of-play of UNDP's partnership with the Global Fund

The Global Fund is and will remain a key partner to UNDP for the foreseeable future, as the partnership between the two organizations is a major contributor to health and development goals.

As of March 2016, UNDP is managing 41 Global Fund grants covering 23 countries and three regional programmes in South Asia, Western Pacific, and Africa covering 27 countries (for details on the portfolio, refer to Section II).

Despite challenges, UNDP continues to bring a unique combination of high performance levels (which determine to some extent future levels of funding that countries will have access to), results, and value for money to the partnership with the Global Fund. For example, in 2015 UNDP achieved significant reductions in the price of HIV medicines that it procures, bringing down the cost of the most common treatment combination to an unprecedented $100 per patient per year in Equatorial Guinea, Haiti, Mali, South Sudan, Zambia and Zimbabwe. Through these price reductions UNDP is saving $25 million that can be used to put an additional 250,000 people on life-saving HIV treatment.

Strategically speaking, in 2015/2016 the partnership between UNDP and the Global Fund was marked by increased convergence among the implementation support, capacity development/systems strengthening, and policy.

UNDP continued to play a key role in the implementation of Global Fund grants in crisis and early recovery environments. Half of the programmes UNDP manages are in fragile/conflict-affected countries, including three of the four countries currently classified by WHO as Level 3 emergencies: Iraq, South Sudan and Syria.

In the aftermath of the Ebola crisis, and with the spotlight firmly on the need to build resilient health systems that can withstand significant shocks in extremely constrained and challenging environments, UNDP is in a strong position to make the most of its mandate and expertise gained in this area, and continue to support implementation of Global Fund programmes in challenging operating environments. A recent example is Afghanistan, where UNDP now supports implementation of the HIV, TB, malaria and health systems strengthening grants.

In addition, in 2015 the Global Fund selected UNDP as a pre-qualified implementer for its recently created Emergency Fund, which seeks to speed up the process of allocating and disbursing Global Fund resources to countries facing emergencies of various types. The Ebola crisis demonstrated the effect that health emergencies, among others, can have on HIV, TB and malaria services in affected countries, including continuity of treatment, patient follow-up and retention, development of drug resistance, etc.

Beyond this increasingly strategic implementation support role in crisis and early recovery environments, in 2015/2016 UNDP continued to use its expertise and mandate to inform strategic and policy debates within the Global Fund on how the organization can best tailor its support in fragile and crisis contexts, and other types of Challenging Operating Environments. Further decisions on and operationalization of the principles outlined by an expert group on how the Global Fund should adjust the way it operates in such contexts will take place in 2016.

The convergence and mutual reinforcement of the policy and implementation support functions of UNDP's partnership with the Global Fund coincide with the increased realization by the Global Fund that human rights and gender interventions need to be central to HIV, TB and malaria responses in order to achieve sustainable impact. This is in line with UNDP's mandate and expertise on HIV, and with the division of labour within UNAIDS. In November 2015, UNDP and the Global Fund signed a $10.5 million grant to address human rights barriers faced by vulnerable communities in Africa, and facilitate access to life-saving health care. The three-year Africa regional grant covers 10 countries,[2] and UNDP is the Principal Recipient in collaboration with four African civil society organizations – the AIDS and Rights Alliance for Southern Africa (ARASA), ENDA Santé, KELIN, and the Southern African Litigation Centre (SALC). This grant will draw on lessons learned from the South Asia Regional grant, which covers seven countries.[3] More broadly, in 2015/2016 UNDP continued to mainstream human rights interventions in other grants it manages, including, where relevant, through the implementation of legal environment assessments to determine the nature and extent of legal barriers to access to services.

UNDP has also been selected as Principal Recipient for the Global Fund Caribbean Vulnerable Communities Coalition (CVC) and El Centro de Orientación e Investigación Integral (COIN) grant proposal: Strengthening the

2. Botswana, Côte d'Ivoire, Kenya, Malawi, Nigeria, Senegal, the Seychelles, Tanzania, Uganda and Zambia.

Legal and Policy Environments for Key Populations Access to HIV Services in the Caribbean, expected to start implementation in October 2016.

At the strategic and policy level, UNDP and others were successful in ensuring that, in line with the recently-adopted 2016-2021 UNAIDS Strategy, the *Global Fund Strategy 2017-2022: Investing to End Epidemics* adopted in April 2016 includes human rights, gender and key populations as key priorities. This will be reflected in the indicator framework of the Strategy, and will further strengthen the basis for scaling up concrete and measurable interventions focusing on human rights, gender and at-risk populations – an area in which UNDP can support the Global Fund.

4. Opportunities in 2016 and beyond

The recent trends and shifts at the Global Fund and in the broader health and development landscape offer a number of continuing and emerging opportunities for UNDP's partnership with the Global Fund in the coming years:

- ***Shift toward capacity development for resilient health systems:*** As mentioned, there is increasing emphasis on the Global Fund's responsibility to contribute to building resilient health systems in complex and challenging environments. The Global Fund's 'new' funding model, fully rolled out in 2015, aspires to strengthen alignment of Global Fund programmes with country planning and budget cycles and priorities. This shift will likely take several years to complete. With its mandate, expertise, and current positioning as a lead implementer of Global Fund programmes in crisis and early recovery environments, UNDP can support the Global Fund in this endeavour, and feed lessons from implementation back into policymaking to support the shift toward broader health system resilience. This is also an opportunity to apply the lessons from risk management activities and frameworks developed and refined under the partnership with the Global Fund, as part of broader health system strengthening support.

- ***UNDP's leading role as implementing partner in 'Challenging Operating Environments':*** With substantial inputs and support from UNDP, the Global Fund Board recently approved a new Policy on Challenging Operating Environments that introduces flexibilities for countries in crisis or conflict situations or facing other serious development challenges. With its coordination role, strong operational capacity, and enhanced assurance framework, UNDP is already a key partner, implementing Global Fund grants in almost half of the 20 countries currently classified by the Global Fund as Challenging Operating Environments. There is room for UNDP, as a lead implementer among UN agencies with a strong focus on resilience building, to further support the Global Fund in framing interventions within the broader resilience and recovery agenda, particularly in crisis countries.

- ***Leveraging UNDP's mandate and expertise on human rights, gender and at-risk populations:*** Strategic Objective 3 in the Global Fund's 2017-2022 Strategy – 'promote and protect human rights and gender equality' – is consistent with UNDP's HIV, Health and Development Strategy 2016-2021: Connecting the Dots, particularly the action area aimed at 'reducing inequalities and social exclusion that affect HIV and health status.' UNDP will continue to engage with the Global Fund to advance these critical objectives with the overall aim of

3. Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan, and Sri Lanka.

reducing barriers to accessing HIV, TB and malaria treatment, care and prevention services.

UNDP is represented on the Global Fund's Human Rights Reference Group, which provides the Global Fund with practical advice on how to carry out strategic actions related to promoting human rights and gender equality, and keeps the Global Fund abreast of emerging human rights developments at the local, national and international level that affect the response to HIV, TB and malaria. This dialogue helps to continue and deepen the policy engagement. UNDP has also launched various tools to strengthen gender-sensitive TB and malaria interventions, with the goal of greater inclusion of these issues in country programmes and budgets, as well as their more effective inclusion in Country Coordinating Mechanism oversight of all other national Global Fund processes.

Increasingly, UNDP's implementation and policy roles in the aforementioned areas reinforce each other and contribute to the achievement of results and improvements in grant performance. UNDP is now exploring the opportunity to host a global platform to share lessons learned from grant implementation, on risk management, capacity development, policy etc.

- ***Providing health implementation support services beyond the Principal Recipient role:*** In 2015/2016, UNDP invested significant efforts and resources into further broadening the range of support services it provides to countries receiving Global Fund grants. While the core function of the partnership remains the management of Global Fund grants in challenging contexts in a Principal Recipient role, governments are increasingly requesting other types of support services such as financial management and/or procurement support from UNDP. Global Fund grants managed by national entities that are still working on bringing their systems to the required level of maturity sometimes require temporary support in some of the core functions needed for effective programme management. For instance, in Zambia and Zimbabwe, UNDP is providing support and capacity strengthening services in the form of Support Service Agreements for a total value of $64 million.

- ***Linking UNDP's environment and health work:*** The adoption of Agenda 2030, and the momentum on climate change achieved with the Paris Conference, offer a significant window of opportunity to combine environmentally sustainable systems and practices with health operations. They also represent yet another opportunity to strengthen the convergence and mutual reinforcement between the policy and implementation support dimensions of the UNDP-Global Fund partnership. UNDP's HIV, Health and Development team in the Istanbul Regional Hub currently hosts the Secretariat of the UN informal 'Interagency Task Team on Sustainable Procurement in the Health Sector', and UNDP has led a number of pilot initiatives to 'green' the procurement and supply chain of health products, also looking at health care waste management issues and links to the work of the Montreal Protocol Unit. UNDP's Global Fund portfolio offers further opportunities to strengthen the operational linkages between UNDP's environment and health work. This includes exploring potential linkages with GEF and other UNDP environment programmes, for instance in the areas of energy efficiency, renewable energy, solar for health, and environmentally friendly procurement and supply chains in the health sector.

UNDP is currently piloting the use of solar panels in health facilities as part of Global Fund implementation support, through the "Solar4Health" initiative which seeks to provide sustainable solutions for equitable access to health services. For example, in Zambia, UNDP is testing solar photovoltaic power systems in three primary health care clinics offering HIV treatment in the Eastern Province of Zambia. The next step will be scaling up the pilot project to extend electricity access to more than 1,000 health facilities in the country and improve access to health care for half the population.

- ***Emphasis on financial sustainability and transition:*** The current resource constraints and the fact that many countries are accessing higher income categories based on the World Bank classification have led the Global Fund to place a stronger emphasis on the responsibilities of governments to increase the proportion of their HIV, TB and malaria responses financed through domestic resources. Many countries that will soon cease to be eligible for Global Fund assistance need to put in place robust transition and sustainability plans. The Global Fund is working to systematically integrate sustainability analysis and planning in its operations, and introduce conditions in grant agreements for countries to come up with transition and sustainability plans. This is reflected in a Sustainability and Transition Policy adopted by the Global Fund Board in April 2016. UNDP, based on its mandate and on successful earlier work in the Eastern Europe and Central Asia (EECA) region[4], is in a strong position to inform the Global Fund policy on this, and support countries to plan for transition and sustainability in their specific economic, fiscal, and political contexts, while ensuring that this does not jeopardize gains already achieved, plans for further scale-up, and interventions benefiting key populations such as men who have sex with men, transgender persons, people who inject drugs, sex workers, etc. UNDP has strong expertise and experience in supporting countries to develop and implement capacity development and transition plans, with the overarching objective of strengthening health systems in countries for equitable access to essential services.

II Status of UNDP's Global Fund portfolio of grants

As of March 2016, UNDP is managing 41 Global Fund grants covering 23 countries and three regional programmes in South Asia[5], Western Pacific[6], and Africa[7] (for a full list refer to Annex I).

Table 1: UNDP Principal Recipient – Country coverage as of March 2016

Afghanistan	Haiti (ASP)	South Sudan (ASP)	Multi-Country South Asia
Belize	Guinea-Bissau (ASP)	Sudan (ASP)	Multi-Country Western Pacific
Bolivia	Iran (ASP)	Syria (ASP)	Regional Africa
Bosnia & Herzegovina	Iraq (ASP)	Tajikistan	
Chad (ASP)	Kyrgyzstan	Turkmenistan	*ASP – Countries under the Global Fund's Additional Safeguard Policy*
Cuba	Mali (ASP)	Uzbekistan	
Djibouti (ASP)	Panama	Zambia	
	São Tome & Príncipe	Zimbabwe (ASP)	

As mentioned in the previous section, in addition to the traditional Principal Recipient role, UNDP is also increasing support to a number of countries with a range of other health implementation support services related to the Global Fund programmes. This includes:

4. See for example: Toward Domestic Financing of National HIV Responses: Lessons Learnt from Croatia, 2015.
5. Multi-Country South Asia HIV grant covers 7 countries: Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan, Sri Lanka.
6. Multi-Country Western Pacific HIV/TB grant covers 11 countries: Republic of Marshall Islands, Federal States of Micronesia, Kiribati, Vanuatu, Tuvalu, Samoa, Tonga, Cook Islands, Nauru, Niue and Palau, plus a malaria grant covering Vanuatu.
7. Regional Africa HIV grant covers 10 countries, Botswana, Côte d'Ivoire, Kenya, Malawi, Nigeria, Senegal, Seychelles, Tanzania, Uganda and Zambia.

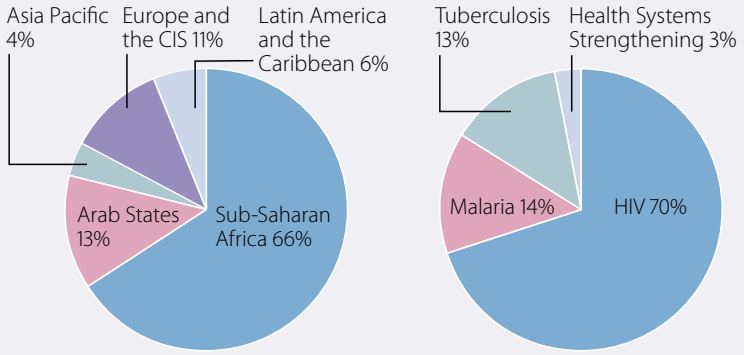
- *Support to management of funding for Country Coordinating Mechanisms:* This is currently the case in Belarus, Bolivia, Cuba, Djibouti, El Salvador, Iran, Panama, São Tomé and Príncipe, Tajikistan and Ukraine.

- *Support services to governments managing Global Fund grants:* UNDP provides a range of services to government Principal Recipients of Global Fund grants. In Zimbabwe, UNDP signed support service agreements with the Global Fund, and will provide implementation support to strengthen financial management capacity. In addition, UNDP has agreements in place to provide procurement support services for Global Fund grants managed by government Principal Recipients in the following countries: Belarus, Chad, El Salvador, Guinea-Bissau, Kazakhstan, Turkmenistan and Uzbekistan. In some cases, UNDP has signed UN agency-to-UN agency contribution agreements in support of Global Fund grant implementation (Myanmar/UNAIDS, Somalia/UNICEF).

Grant delivery-related programme expenditure in 2015 amounted to $423 million, which represents 87.3 percent of the budgeted amount $484 million, and 95.7 percent of the $442 million delivery target set for that year. An overview of the distribution of expenditure by region and by disease is provided in Figure 1. Programme expenditure was $474 million in 2014, and $414 million in 2013.

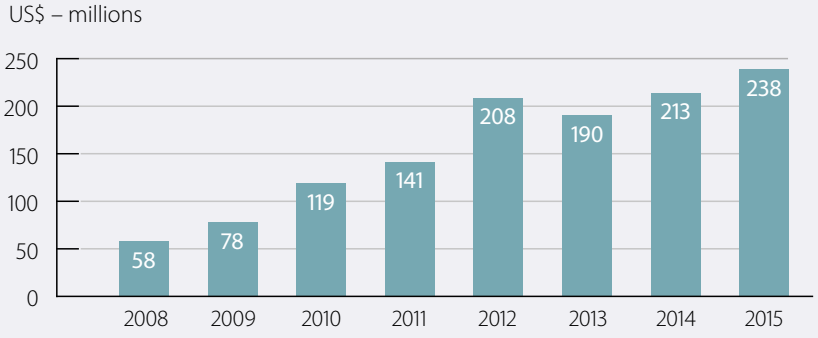
In 2015, the total procurement volume of pharmaceutical and medical equipment for UNDP-managed Global Fund grants was $238 million (see Figure 2). UNDP has developed a specific procurement strategy for Global Fund grants via established UNDP partnership agreements with the United Nations Children's Fund (UNICEF) Supply Division and, for

Figure 1: UNDP Global Fund expenditure (2015), by region and by disease



reproductive health, with the United Nations Population Fund (UNFPA). Commercial Long-Term Agreements (LTA) are also in place between UNDP and other procurement organizations and/or suppliers to provide backstop solutions in case products are not available under the partnership agreements with UNICEF and UNFPA (Annex II provides details of procurement by provider since 2008).

Figure 2: UNDP procurement levels for Global Fund grants, 2008–2015



Results & performance of UNDP's Global Fund grants

This section provides an overview of the results and impact in countries where UNDP manages Global Fund grants, trends in performance ratings of the portfolio, as well as audit ratings and main findings and recommendations identified by audits of UNDP-managed Global Fund grants.

1. Results and impact

The partnership leverages UNDP's mandate to strengthen institutions to deliver universal access to basic services and rebuild resilient health services in crisis and post-crisis settings, thus making a significant and measurable contribution to UNDP's Strategic Plan and to SDG 3.

Achieving impact through implementation support.

UNDP supports the implementation of Global Fund programmes on an interim basis in countries facing significant capacity constraints, complex emergencies, donor sanctions or other difficult circumstances, for example:

- In **Iraq**, the combination of sectarian violence, internal displacement and influx of refugees from Syria poses a severe threat to tuberculosis control efforts. An emergency cell phone unit ensures that TB patients can be reached to avoid treatment interruptions that threaten to increase drug resistance. In conflict areas, special arrangements, using alternative routes and local contacts, have enabled continuous delivery of TB medicines to patients. Despite the ongoing conflict, Iraq has managed to achieve an 88 percent treatment success rate for all new cases of TB and 24,600 new smear-positive TB cases have been detected and treated.

- **Zambia** has achieved universal access to prevention of mother-to-child transmission of HIV, and 758,500 people living with HIV are currently accessing life-saving antiretroviral therapy, enabling them to live longer, healthier lives, stay in work and continue to support their families, and reduce the spread of HIV to others. From 2011 to 2013 there has been a 2 percent reduction in new cases of HIV and the number of AIDS-related has declined by 18 percent (and by 65 percent since 2003).

- In **Zimbabwe**, 920,000 people are currently receiving treatment through Global Fund and UNDP programmes. From 2011 to 2013, the number of AIDS-related deaths decreased by 17 percent and new infections were reduced by 19 percent. Zimbabwe has seen one of the sharpest declines in HIV prevalence in Southern Africa, from 27 percent in 1997 to 15 percent in 2013.

Strengthening HIV, TB and malaria responses through capacity development.

- With support from UNDP, the Global Fund and technical input from WHO, **Belarus** has successfully rolled out a national electronic register that collects TB and MDR-TB patient information, laboratory results and inventory and distribution of medicines. The register is used by all TB hospitals and dispensaries and currently tracks 29,836 patients across Belarus. Facilitating real-time use of patient data, the register has made important contributions to improving treatment outcomes and continuity. In 2015, UNDP worked closely with the government of Belarus and the Global Fund to develop and successfully implement an action plan for the transition of the Principal Recipient role from UNDP to the government. This was successfully completed in January 2016, with the Global Fund and government requesting that UNDP continue to conduct procurement and ongoing capacity development.

Table 2:

UNDP Global Fund Results

2.5 million
lives saved

2 million
doctors, nurses and community health workers trained

Malaria

63 million
malaria cases treated

50 million
bed nets distributed

75% reduction
in incidence of malaria in **6** countries

9 countries
achieved **100%** coverage with antimalarial drugs

HIV

1.9 million people
currently on HIV treatment

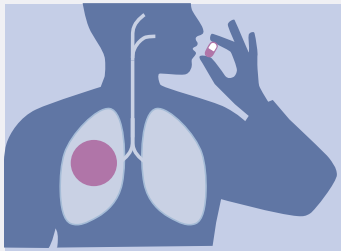
68% reduction
in AIDS related deaths in **Zimbabwe** (2005–2013)

52,000 deaths averted due to antiretroviral therapy in **Zambia** (2002–2013)

Mother to child transmission of HIV **eliminated** in **Cuba**

Tuberculosis

70%
TB detection rate in 11 countries



860,000 cases of TB treated

50% reduction
in TB prevalence in **6** countries

- In **El Salvador**, UNDP started acting as interim Principal Recipient of Global Fund grants in 2003. In preparation for a successful transition to national entities, UNDP worked with the government of and national stakeholders to develop their capacities to implement HIV and TB programmes and to address capacity gaps. The transition has been successful and since January 2015, El Salvador is managing and implementing Global Fund resources for the first time.

- As a middle income country, **Iran** ceased to be eligible for Global Fund support for the national TB programme. In preparation for this the Ministry of Health and UNDP facilitated a consultation of national and provincial stakeholders to identify priority actions to ensure a sustainable transition to national entities. The TB transition plan prioritized the resources available to ensure a continuation of services going forward.

- In **Zambia**, a dynamic partnership including the Ministry of Health, Medical Stores Limited, the Global Fund and UNDP, designed and implemented a comprehensive capacity development plan to strengthen national systems. This included developing a financial management manual and standard operating procedures and rolling this out with supporting software and hardware at both national and local levels. Together with the strengthening of supply chain management systems, this has enabled the Ministry of Health as Principal Recipient to be awarded new grants by the Global Fund worth $234 million in 2015 to fight HIV, TB and malaria in Zambia under the new funding model.

Promoting rights and reaching at-risk populations through policy change.

- In **South Asia**, UNDP's engagement with regional and national human rights institutions resulted in development of a common action plan to promote and protect human rights in the context of sexual orientation and gender identity. Rights institutions will report annually on the plan, which was developed jointly with the Asia Pacific Forum of National Human Rights Institutions and 17 Human Rights Commissions, including five from South Asia (Afghanistan, Bangladesh, India, Nepal and Sri Lanka). In a first for the region, human rights institutions in Nepal and Bangladesh established dedicated positions to address violations against at-risk populations.

- In **Afghanistan**, UNDP has helped to provide HIV prevention services to at-risk populations who have traditionally been excluded and have had limited access to health services. So far the programme has reached over 40,000 men who have sex with men (MSM) and transgender people with sexually transmitted infection (STI) diagnosis and treatment, and provided voluntary counselling and testing to nearly 10,000 people. UNDP advocacy efforts have resulted in MSM and transgender people being included in the national integrated HIV bio-behavioural surveillance (IBBS) and National HIV Strategy for the first time. Access to health services are also particularly constrained for women in Afghanistan, since they must be seen by a female practitioner and be accompanied by a male family member, and UNDP is also supporting six NGOs that are training women to become community health nurses. With an increase in the number of female nurses available, Afghan women will have expanded access to health services, especially in rural areas. However, the development benefits go beyond health: contributing to women's empowerment and livelihoods in a country with very high female illiteracy and few education and employment opportunities for women.

- In **South Sudan**, UNDP supports a program to train health care workers to respond to gender based violence (GBV), and refer survivors to a range of appropriate services. In light of the clear links between GBV and HIV vulnerability, the provision of co-located psycho-social and legal referral services for women are an important example of the integrated service provision necessary to address the social, economic and cultural drivers of the disease. In addition, the programme supports a number of behavioural change communication initiatives aimed at preventing GBV and supporting the use of GBV services, using the popular medium of radio. These messages are translated into multiple languages, including those spoken by internally displaced populations, and are aimed at removing the stigma and gender inequality that drives the HIV epidemic and often prevents HIV-vulnerable GBV victims from accessing key services.

- In **Mali**, support to associations of people living with HIV has contributed to the improvement of care and treatment of patients. Networks were used to strengthen HIV control at community level, through interventions geared towards key populations including sex workers and their clients. As a result, 320 new sex workers were covered in 2013, and 1,113 medical visits were conducted for HIV testing or opportunistic infection care for existing and new sex workers, with 238 STI cases among sex workers were diagnosed and/or treated during medical visits.

2. UNDP grant performance ratings

The performance of UNDP-managed Global Fund grants continues to be very strong. Approximately 96 percent of UNDP grants are currently rated A1, A2 or B1 ('exceeding expectations', 'meeting expectations' or 'adequate') by the Global Fund, and 70 percent of these are rated A1 or A2, up from 25 percent in 2010.[8] UNDP currently has one grant rated B2 ('inadequate but potential demonstrated'), in Guinea-Bissau.[9] For the fourth year running, UNDP doesn't have any C-rated ('unacceptable') grants.

Table 3: UNDP grant performance rating (as of March 2016)

A1 (7)	A2 (9)	B1 (6)	B2 (1)	C (0)
Bolivia *malaria*	Bosnia and Herzegovina *TB*	Afghanistan *TB*	Guinea-Bissau *malaria*	
Bosnia and Herzegovina *HIV*	Guinea-Bissau *TB*	Chad *malaria*		
Multi-Country South Asia *HIV*	Haiti *TB*	Iraq *TB*		
Sao Tome and Principe *HIV*	Iran *malaria*	Mali *HIV*		
Sao Tome and Principe *TB*	Kyrgyzstan *HIV*	South Sudan *TB*		
Uzbekistan *HIV*	Kyrgyzstan *TB*	Turkmenistan *TB*		
Zambia *HIV*	Sao Tome and Principe *malaria*			
	South Sudan *HSS*			
	Zimbabwe *HIV*			

Note: Grants not listed here have not yet been rated by the Global Fund.

HSS = Health Systems Strengthening.

Figure 6 shows the trend in grant ratings for UNDP-managed grants in recent years, highlighting the percentage of high-performing grants in the portfolio versus poorly performing grants.

8. Since a majority of grants managed by UNDP are newly signed under the New Funding Model (though continuing from the previous rounds-based model) and therefore not yet rated by the Global Fund, the latest available rating was used.
9. Two B2-rated grants in Syria are not included in the analysis, as the current rating methodology is not adapted to the reality on the ground.

Figure 3: Performance of UNDP versus other Principal Recipients, March 2016

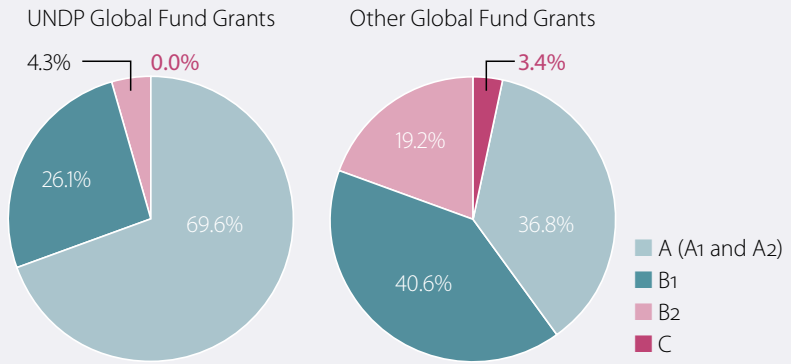
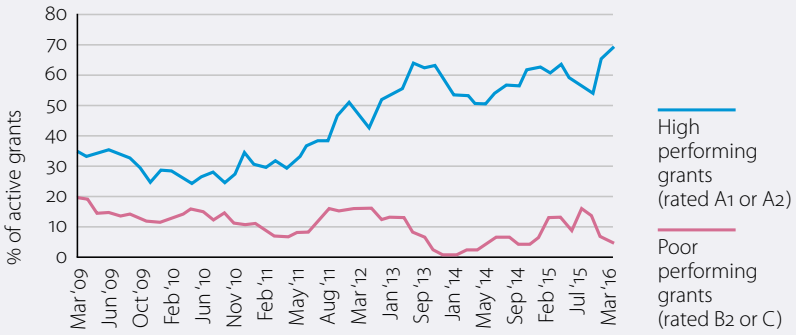


Figure 4: Evolution of portfolio performance, high and poor performing grants (%), 2009–2016



3. OAI Audits of Global Fund grants – findings and implementation

In 2015, the Office of Audit and Investigations (OAI) issued 14 audit reports pertaining to 35 Global Fund grants managed by 13 UNDP Country Offices.[10] Twelve of the 13 Country Offices had previously been audited by OAI.[11] OAI also issued consolidated reports on the 2014 Global Fund Country Office audits[12] and the Sub-recipients of Global Fund grants for FY 2014.[13]

The OAI has developed a risk-based audit cycle for countries where UNDP is Principal Recipient for Global Fund grants. For 2015, 15 of the 26[14] Principal Recipient countries (58 percent) were scheduled to be audited covering 32 of the 50 grants (64 percent),[15] 11 of these countries had grants managed under the Additional Safeguard Policy[16] (ASP) and four countries were selected based on audit risk assessment.

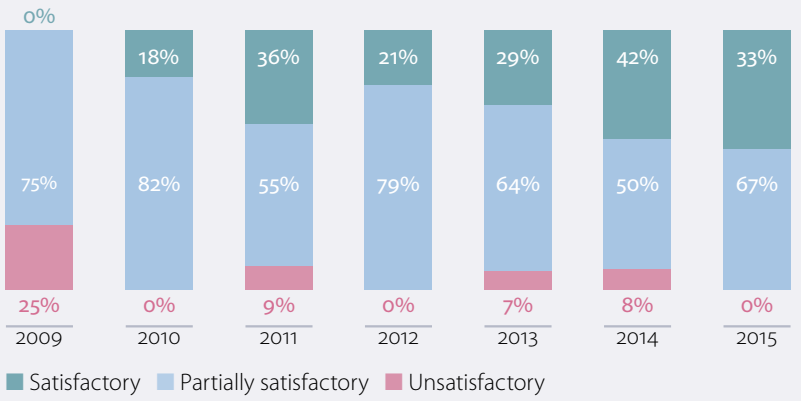
The OAI's 2016 audit plan includes 10[17] of the 26 Principal Recipient countries[18] (42 percent) covering 19 of the 41 grants (46 percent). Nine of these countries have grants managed under the ASP and one country was

10. Cuba, Djibouti (ASP), Haiti, (ASP), Iran (ASP), Iraq (ASP), Mali (ASP), Montenegro, Programme of Assistance to the Palestinian People (ASP), South Sudan (ASP) (2014), Sudan (ASP), Tajikistan, Uzbekistan, Zambia. Iraq (one audit) and PAPP audits were completed by external audit firms; an unqualified opinion on the Funds Utilization Statement was issued for both reports with one recommendation and two recommendations, respectively.
11. Montenegro had not been previously audited.
12. Report No. 1428 Issued 13 February 2015.
13. Report No. 1607 Issued 7 March 2016.
14. 25 countries and 1 Regional/Multi-Country grant (South-Asia grant).
15. Chad (ASP), Cuba, Djibouti (ASP), Haiti (ASP), Iraq (ASP), Islamic Republic of Iran (ASP), Mail (ASP), Montenegro, Programme of Assistance to the Palestinian People (ASP) (financial audit), South Sudan (ASP), Sudan (ASP), Syrian Arab Republic (ASP), Uzbekistan, Zambia, Zimbabwe (ASP). South Sudan and Syria audits will be completed in 2016 and the Zimbabwe No. 1562 issued 16 February 2016.
16. 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.
17. Chad (ASP), Djibouti (ASP, financial), Guinea-Bissau (ASP), Haiti (ASP, financial), Iraq (ASP, financial), Multi-Country South Asia grant, Mali (ASP), South Sudan (ASP, financial), Sudan (ASP), Syrian Arab Republic (ASP).
18. 23 countries and 3 Regional/Multi-Country grants (Africa Regional, South Asia, Western Pacific).

selected based on audit risk assessment. At the end of 2016, all 26 Principal Recipient countries will have been audited by the OAI with the exception of three with grant start dates in 2016,[19] and Afghanistan, for which, with the support of OAI, a Control Self-Assessment will be completed in 2016.

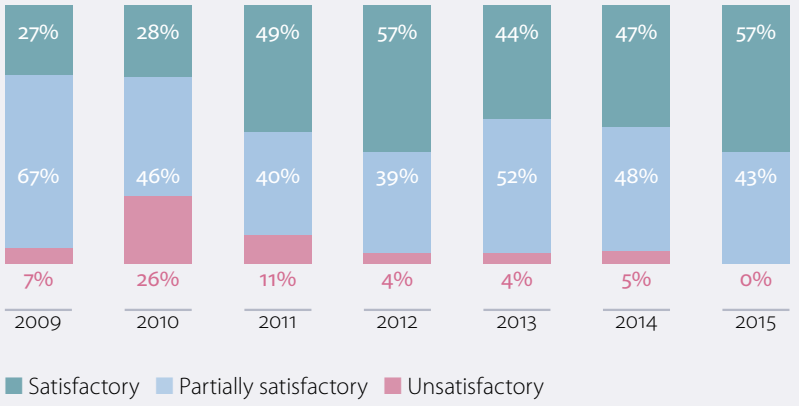
From 2009 to 2015, the OAI issued 83 audit reports of Global Fund projects where UNDP is the Principal Recipient and the 'Overall Audit Rating' is shown in Figure 5.[20] For 2015, there were no 'unsatisfactory' ratings and the proportion of 'satisfactory' was maintained with a slight reduction.[21]

Figure 5: Overall audit ratings, 2009–2015



For Global Fund project audits, the OAI provides ratings for the following five audit sub-categories: (i) Financial Management; (ii) Programme Management; (iii) Governance and Strategic Management; (iv) Procurement and Supply Management; and (v) Sub-recipient Management.[22] As reflected in Figure 6, for 2015, the highest proportion of 'satisfactory' ratings was achieved as an aggregate of audit ratings in 'All Audit Areas' at 57 percent with no 'unsatisfactory' ratings.

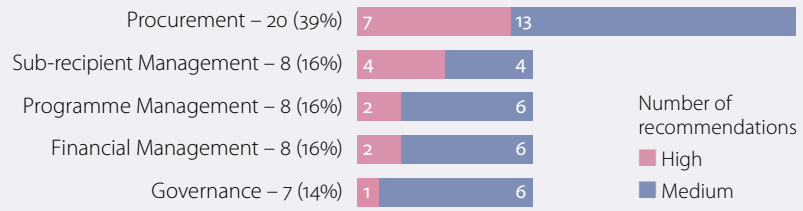
Figure 6: Audit ratings, all audit areas, 2009–2015



The 14 audit reports issued by OAI in 2015 contained a total of 53 recommendations,[23] with the majority in the areas of 'Procurement and Supply Management' (39 percent) and 16 percent for each of the sub-categories, 'Sub-recipient Management', 'Programme Management' and 'Financial Management'. Refer to Figure 7 for the distribution and prioritisation of the recommendations. Annex III provides the Overview of Audit Ratings per Audit Area for 2009–2015.

19. Panama, Multi-Country Western Pacific, Regional Africa.
20. Includes 77 Country Offices audits, and not five financial audits completed by external firms (Iran No.1362, 1363, 1364; Iraq No.1366; PAPP No.1511) and OAI desk review (Yemen No. 1399).
21. 2014, 42 percent (5 of the 12 reports); 2015, 33 percent (4 of the 12 reports).
22. Sub-recipient Management (2012 separate audit area); and Human Resources Management (since 2012 has not been a separate audit area).
23. Only those countries where a full audit was completed: Cuba, Djibouti (ASP), Haiti, (ASP), Iran (ASP), Iraq (ASP), Mali (ASP), Montenegro, South Sudan (ASP) (2014), Sudan (ASP), Tajikistan, Uzbekistan, Zambia; excludes Iraq (one audit) and PAPP.

Figure 7: Distribution and prioritization of audit recommendations in 2015 Global Fund audit reports (Total recommendations: 51)[24]



Progress was made in the area of Procurement and Supply Management, with a decline in the total number of audit recommendations from 48 percent in 2014 to 39 percent in 2015. Also the proportion of 'satisfactory' ratings increased in the area of Procurement and Supply Management, from zero percent in 2014 to 42 percent in 2015 and the proportion of 'high' (critical) priority recommendations decreased from 41 percent in 2013 to 35 percent in 2015.

The audit sub-category 'Sub-recipient Management' continues to be an area of weakness, with 33 percent of 'satisfactory' ratings in 2015 declining from 83 percent in 2014. However, there was a reduction in the proportion of 'unsatisfactory' ratings from 17 percent in 2014 to zero percent in 2015, and the percentage of 'high' (critical) priority recommendations decreased from 67 percent in 2014 to 50 percent in 2015. Fifty percent of the recommendations were in the areas of inadequate monitoring and reporting by Sub-recipients. The UNDP Global Fund/Health Implementation Support Team continues to closely monitor Sub-recipient management, recognizing Sub-recipient performance as essential for reaching grant objectives and importantly one of the highest risk aspects of implementing Global Fund grants, along with Procurement and Supply Management activities.

For the 'Finance and Administration' audit sub-category, considerable progress has been made, with the proportion of 'satisfactory' ratings increasing from 33 percent in 2009 to 75 percent in 2015. The percentage of 'unsatisfactory' ratings decreased from 20 percent in 2010 to zero percent in 2015, and the percentage of 'high' (critical) priority recommendations also decreased from 60 percent in 2013 to 25 percent in 2015. Focused efforts in 2015 continued with UNDP's Global Fund/Health Implementation Support Team completing finance trainings and webinars for finance staff working on Global Fund grants, with a special focus on the Francophone portfolio.

As of 12 May 2016 there are no recommendations outstanding for 2014, and of the 53 recommendations made in 2015, the rate of implementation

Table 4: Trend of UNDP OAI GF audit report implementation rates as of 12 May 2016[25]

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	31	2	68%

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

24. The distribution excludes the two corporate recommendations issued for the Global Fund/Health Implementation Support Team, Djibouti, No. 1457 Issued 24 July 2014.
25. CARDS Report 215 – Global Fund Implementation.

was 68 percent, with 46 percent of the reports issued after 1 July. The implementation rates of OAI audit recommendations are presented in Table 4.

The Global Fund/Health Implementation Support Team 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 Country Offices. The Team's focus for 2016 continues to be Procurement and Supply Management and Sub-recipient management.

4. Audits of Sub-recipients of Global Fund grants[26]

Since FY 2012, in response to the identified high risk of Sub-recipient management, the Global Fund portfolio has an enhanced Sub-recipient audit process, which is completed through LTAs with external audit firms with enhanced Terms of Reference. The process is centrally managed by the Global Fund/Health Implementation Support Team, with strong support from OAI, which has significantly reduced the administrative burden on Country Offices (i.e. reviewing audit plans and engagement with the Global Fund, contract management). In preparation for the FYs 2014 and 2015 audit cycles, the Global Fund/Health Implementation Support Team completed a comprehensive performance review of audit firms, revised guidance materials and provided guided support to the Country Offices throughout the process. For FYs 2014 and 2015, the team supported 32 Country Offices to review audit plans for 50 grants and 42 Country Offices[27] to review audit plans for 47 grants, respectively.

For FY 2014, in line with OAI's harmonized approach to cash transfers (HACT) criteria for the selection of Sub-recipients to audit, 29 projects in 18 of the 26 Principal Recipient countries[28] undertook audits with the external audit firms required 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 (CDR); (ii) Statement of Cash Position; and (iii) Statement of Assets and Equipment. The audit reports covered project expenses totalling $63.2 million, $44.1 million (71 percent) of which was related to grants managed by UNDP under the Global Fund's Additional Safeguard Policy.

Auditors had a qualified opinion over $0.4 million (0.6 percent) relating to two Sub-recipients (i.e. Chad, Zimbabwe) with a net financial impact (NFI) of about $21,463 or 0.03 percent of the total audited expenses. There was a significant 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.

Figure 8 presents, in absolute numbers, the distribution of ratings on internal controls of Sub-recipients and overall the results highlighted more 'Satisfactory' controls.

In addition, to the financial audit, the external audit firms were also required to describe internal control weaknesses. In all, the external audit firms made 288 recommendations in the 29 projects audited, 30 (10 percent) were categorised as 'high' priority; 190 (66 percent) 'medium' priority; and 68 (24 percent) 'low' priority. The nature of the audit observations and recommendations are categorised by seven audit areas as predetermined by OAI in CARDS. Distribution by audit area and risk severity for the 288 audit observations and recommendations is shown in Figure 9.

26. Except for United Nations entities, organizations engaged as Sub-recipients of those grants are required to be audited by external audit firms pursuant to the UNDP procedures for audits of projects under the HACT modality and to submit those audit reports to UNDP.
27. Includes countries under regional and multi-country grants.
28. Three of the 18 UNDP Principal Recipient countries (Cuba, Haiti, Iran) undertook Sub-recipient audits in FY2014 with local audit firms.

Figure 8: Distribution of rating on internal controls, FY 2014

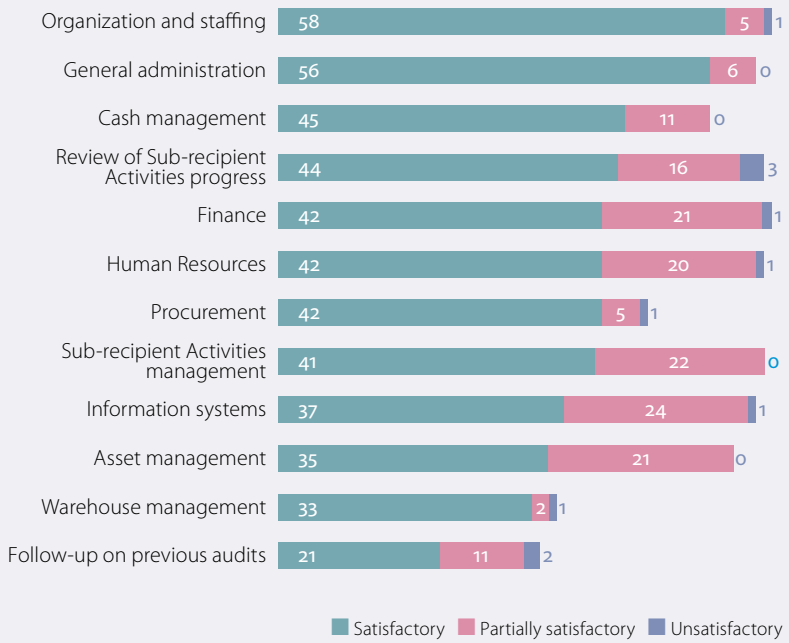
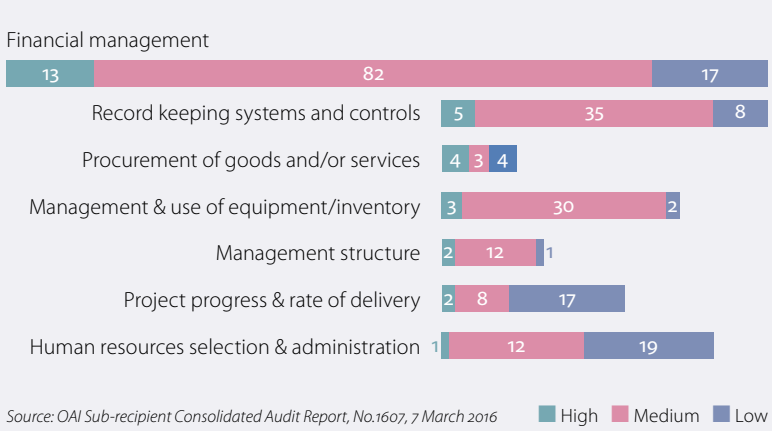


Figure 9: Classification of audit observations by audit area



The external audit firms were required to review the progress achieved by the Sub-recipients in implementing the prior year's audit recommendations (FY 2013), and to report on the updated 'action plans' for those recommendations. Of the 43 'high' priority recommendations, 35 (81 percent) had been implemented, while the remaining eight (19 percent) were either withdrawn or no longer applicable as of the end of 2015. This was an improvement when compared to those from FY 2012, for which 64 percent of 'high' priority recommendations had been implemented by the end of 2014.

5. Risk management tools and initiatives

The Global Fund/Health Implementation Support Team continued enhancing and standardizing systems, tools and trainings in order to mitigate the risks in Global Fund- supported programmes. The Sub-recipient management tools project launched in February 2015 (initiated to address OAI audit findings/recommendations under the audit category 'Sub-recipient management') included the development of the Sub-recipient mapping tool, Sub-recipient performance evaluation tool and templates for Sub-recipient programmatic report and management letter. The project continued in 2015 with the production of a monitoring visit checklist template and finalization of the Sub-recipient capacity assessment tool.

Since the rollout of the Early Warning System (EWS) in late 2014, the Global Fund/Health Implementation Support Team has completed the

tracking every two months as per the standard operating procedures. Consistent portfolio assessment against a set of clearly defined indicators allowed early identification of issues and countries requiring additional support. It also allowed identification of countries with risk levels above the set threshold, which required escalation to the senior Country Office management and/or Regional Bureau.

To further enhance risk management at the programme level, the Global Fund/Health Implementation Support Team developed a Risk Management Framework for the UNDP Global Fund portfolio. The Framework is based on UNDP's recently adopted Enterprise Risk Management policy but is adapted to reflect the specificities of Global Fund-related activities and the operating environments (with a suggested set of risks). It will be owned and maintained by the Country Offices and updated quarterly. The Framework will also complement the Control Self-Assessment, which proved to be a useful methodology to assess levels of control and prepare action plans in relation to assessed risk levels. In 2016, the Global Fund/Health Implementation Support Team will pilot the Risk Management Framework with three Country Offices and finalize the Framework based on the feedback. The team, in cooperation with OAI, will also continue to implement Control Self-Assessment for selected Country Offices.

Following its engagement in the Global Health Risk Forum[29] in 2014, UNDP continued to play an important role in 2015. In April 2015, UNDP organized and hosted the second Risk Forum meeting (Geneva) with the participation of 20 leading organizations in health development work, including bilateral partners such as the United Kingdom's Department for International Development (DFID), Swiss Development Cooperation and USAID. During the meeting, UNDP shared the findings of the survey on enterprise risk management maturity of participating organizations. The survey showed that most organizations are advanced in the area of risk identification, but lack policies and systematic practices to monitor risks and take corrective actions.

The UNDP Global Fund/Health Implementation Support Team has commenced discussions with UNDP's Global Anti-corruption Initiative (GAIN) to develop a 2016 work plan, with a focus on addressing the risk of corruption in Global Fund programmes.

IV Update on capacity development and transition of Principal Recipient role

UNDP's role as Principal Recipient is an interim arrangement that lasts until circumstances in the country are more favourable and one or more national entities (i.e. government entities and/or national civil society organizations) are ready and able to take over grant implementation. While supporting countries in implementing grants and ensuring timely delivery of services, UNDP helps develop the capacity of national entities to take over this Principal Recipient role.

1. Strengthening resilient systems for health through capacity development

Capacity development is an integral part of all UNDP programmes, including those financed through the Global Fund. Programmatic

29. The Global Health Risk Forum is a group of risk practitioners from lead organizations active in health and development (DFID, GAVI, GIZ, Global Fund, Norway, MSF, SDC, UNAIDS, UNITAID, USAID, WHO, SDC, etc.).

leadership of the national health authorities is maintained and strengthened when UNDP serves as interim Principal Recipient of the Global Fund. The grants are implemented by national partners using national systems, including treatment protocols and quantification, warehousing and supply chain systems, treatment and prevention services, and national regulatory frameworks.

The main areas of capacity development include:

- Financial Management and Systems, including Risk Management.
- Procurement and Supply Management.
- Monitoring and Evaluation (M&E).
- Project Governance and Program Management, including Sub-recipient Management.
- Enabling legal and policy environments.

These areas respond to the minimum requirements of the Global Fund, but are also tailored to meet the requirements of broader national disease programmes and externally funded health programmes.

Strengthening functional capacities and national systems usually requires: (i) a clear vision and national leadership; (ii) clarification of roles and responsibilities; (iii) the development of standard operating procedures; (iv) prioritization of actions; and (v) development and implementation of a capacity development plan. UNDP's role is to help facilitate the process, make tools and guidance available to the stakeholders and to support the implementation and monitoring of the capacity development plan.

In addition to the functional capacities described above, strengthening the enabling legal and policy environments, including the promotion and protection of human rights and gender equality, is essential in ensuring effective national responses to HIV, TB and malaria.

To complement the strengthening of national health systems, UNDP provides guidance and facilitation to: (i) increase the participation of communities and people, particularly those infected and directly affected by the three diseases, in the development of proposals; (ii) support public health interventions that address social and gender inequalities, as well as behaviour practices that fuel the spread of HIV, TB and malaria; and (iii) aim to eliminate stigmatization of, and discrimination against, those infected and affected by HIV, especially for women, children as well as at-risk and vulnerable groups.

2. Progress on capacity development in the portfolio

2015 saw an increase in demand for a new generation of capacity development plans from the Global Fund as part of the concept note and grant making process. 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 capacity development plans is the expectation of a transition of some or all of the Principal Recipient functions to take place from UNDP to national entities. The new plans place a stronger emphasis on UNDP Country Offices to oversee the implementation and monitoring of capacity development plans jointly with national entities.

The new plans produced in Belarus, Bolivia, Kyrgyzstan, Sudan and Tajikistan include milestones to measure health systems' initiation, implementation and strengthening, in preparation for transition of the Principal Recipient role to national entities. In Belarus the transition of the

Principal Recipient role to the government was accelerated through a joint programme; UNDP was asked to maintain the procurement and capacity development role after the transition of the Principal Recipient role in January 2016, which indicates the need for a more nuanced support role for UNDP in both the Global Fund grants and health programmes more widely.

In large programmes such as Zambia and Zimbabwe, new comprehensive plans have been developed through facilitation by UNDP. In Zambia, where the Ministry of Health signed new Global Fund grants in January 2015, the next phase of capacity development continues to enhance supply management and has a strong focus on strengthening implementation capacities at a provincial level. The Ministry of Health and the Global Fund country team in Zimbabwe have prioritized the strengthening and rollout of the national Public Financial Management System in the health sector down to the province and district level. UNDP has also invested its own funds in the results of this significant reform, which will be monitored and documented in 2016 when completed.

As detailed in Section I, the Global Fund increasingly requires countries to prepare detailed sustainability and transition plans in order to ensure smooth transitions across programme components once countries cease to be eligible for Global Fund grants. This priority is now enshrined in the recently adopted Global Fund policy on sustainability and transition, which will be operationalized in the coming months.

UNDP has an opportunity to build 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 capacity development from national entities and the Global Fund, both in situations where UNDP remains the Principal Recipient and during a transition of the Principal Recipient role to national entities.

- To leverage capacity development during the diversification of UNDP's support services to national partners in health implementation including procurement, financial management, program management, M&E and enabling legal and policy environments.

- To build stronger linkages between capacity development and risk management, audit as well as performance management.

Elements of this strategy are being supported with the development of a new Capacity Development Toolkit – www.UNDP-GlobalFund -CapacityDevelopment.org – which provides online guidance, tools and resources to all stakeholders on capacity development and transition, as well as strengthening legal and policy environments.

The UNDP–Global Fund partnership is generating a growing body of lessons learned to inform the next round of capacity development plans. The new website contains a Results page presenting the data for the whole portfolio as well as individual countries.

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

The sustainable transition or handover of the Principal Recipient role from UNDP to national entities can be one of the results of the capacity development process. The success factors include: (i) country context

that enables a transparent and participatory process; (ii) clear vision and leadership to manage the process; (iii) change management to strengthen systems to meet the Global Fund and national requirements; (iv) putting implementation structures and arrangements in place with clear roles and responsibilities; and (v) being able to monitor progress by assessment and clear measurable milestones. Where the national entity has previously been a Principal Recipient and/or a large well-performing Sub-recipient, 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 transitioned out of 26 countries. Current plans are for the UNDP to transition out of 14 of the 24 countries where it currently acts at Principal Recipient by 2018. In 2015 and 2016, UNDP transitioned out of three countries and seven grants. It is currently expected that UNDP will transition out of another nine countries (and 12 grants) in 2016, and out of two countries (two grants) in 2017. In five other countries, a transition is planned to be completed in 2018. In nine countries (Afghanistan, Angola, Chad, Cuba, Djibouti, Iran, Sao Tome and Principe, South Sudan, Sudan), UNDP is likely to continue as Principal Recipient beyond 2017/2018 due to particularly difficult or special circumstances. The transition timeline is currently under review in three countries.

Meanwhile, UNDP is being requested to manage new grants in countries facing particularly challenging operating environments, showing the dynamic nature of the partnership between the Global Fund and UNDP. In 2015, this included signing 11 new grants, and becoming Principal Recipient for grants in Afghanistan (HIV, TB, Malaria and Health Systems Strengthening) It should be noted that the timelines mentioned are flexible, as country contexts can change rapidly.

Key recent developments in 2015/2016 with regard to UNDP grant management transitions include:

- The completion of a comprehensive Capacity Development and Transition Plan that has enabled $234 million in new grants to be awarded to the Ministry of Health in Zambia as Principal Recipient in January 2015.

- In Zimbabwe, the Ministry of Health and Child Care (MOHCC) has become the Principal Recipient for the new TB and Malaria grants in January 2015. There is a fully funded Capacity Development and Transition Plan in place, along with continued support by UNDP to the national Principal Recipient, including a capacity development officer located in the MOHCC. The main priority in 2015 was the strengthening of the Public Financial Management System (PFMS) in the health sector at district level.

Figure 10 provides a snapshot of current transition plans for countries in which UNDP manages Global Fund grants. Again these timelines are indicative as country contexts can evolve very rapidly. A full overview of capacity development and transition plans for each country portfolio can be found in Annex IV.

Figure 10: Status of transition plans for UNDP-managed Global Fund grants, April 2016

Completed since 2006		Partial transition since 2006	Transitioned in 2016	Planned for 2016	Planned for 2017	Planned for 2018	*Currently under review/uncertain (10 countries, 17 grants)*	
Argentina	Liberia	Bolivia (TB)	Haiti (H, T)	Bosnia (H, T)	Iran (M)	Belize (H, T)	*Afghanistan (M, TB, HSS)*	*Mali (H)*
Benin	Maldives	Iran (T)	Tajikistan (TB)	Guinea-Bissau (T)	Tajikistan (H)	Bolivia (M)	*Angola (H)*	*Sao Tome & Principe (H, T, M)*
Belarus	Mauritania	Sudan (M)		Iran (TB)		Chad (M)	*Cuba (H)*	*South Sudan (H, T)*
Burkino Faso	Montenegro	Zambia (H-NFM)		Kyrgyzstan (T, H)		Guinea-Bissau (M)	*Djibouti (H/T, M)*	*Sudan (H/T, HSS)*
CAR	Myanmar	Zambia (M, T)		Syria (H, T)			*Iran (HIV)*	*Turkmenistan (T)*
Côte D'Ivoire	Nepal	Zimbabwe (M, T)		Uzbekistan (H)				
DRC	Niger			Zambia (H)				
El Salvador	Palestine			Zimbabwe (H)				
Equatorial Guinea	Panama							
Gabon	Togo							
Guinea-Bissau*	Ukraine							
Haiti	Yemen							
Honduras	Zimbabwe*							

* Indicates a country where UNDP subsequently re-entered as Principal Recipient.

V Report on activities of UNDP's Global Fund/Health Implementation Support Team

This section provides an update on the work of UNDP's Global Fund/Health Implementation Support Team in 2015.

The Global Fund/Health Implementation Support Team's primary goal is to provide quality and timely support to Country Offices in order to implement high performing Global Fund grants – in close coordination with Regional Bureaux – and to manage UNDP's partnership with the Global Fund at the corporate level.

The Team's key goals are to: (i) enhance 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 Principal Recipient; (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.

1. Direct support to UNDP Country Offices

The Global Fund/Health Implementation Support Team develops annual work plans for each grant, monitoring the key events during the grant lifecycle. Development of guidance materials, trainings and support missions represents a significant portion of the direct support provided. Efforts are made to organize joint missions with Global Fund staff and other key partners as needed. Table 5 provides an overview of the direct support that the Team provided to Country Offices[30] in 2015. This includes

30. Country Offices are also referencing support to Regional Service Centers.

supporting the start-up of new portfolios, negotiations of grant documents and grant agreements with the Global Fund, orderly closure of grants that are ending, and support to regular financial and programmatic progress reporting. The Team also supports Country Offices in improving procurement planning.

In 2015, there were a large number of countries where UNDP acts as Principal Recipient for one or more disease components going through the process of negotiating new grants under the Global Fund's New Funding Model. The Global Fund/Health Implementation Support Team provided important direct support to these processes across the portfolio, and helped mobilize technical support where and when needed.

In addition, the team supported and mobilized support for a series of applications for regional or multi-country programmes. This 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 Principal Recipient.

In addition to the support provided throughout the lifecycle of the grants, the Global Fund/Health Implementation Support Team 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 Global Fund/Health Implementation Support Team also provides support to Country Offices in identifying and recruiting consultants when necessary. Table 5 provides an overview of direct support provided to Country Offices in 2015.

2. Facilitating Country Office-to-Country Office support

Active Country Office-to-Country Office support, which is facilitated by the Global Fund/Health Implementation Support Team in consultation with the Regional Bureaux, represents a significant aspect of UNDP's organizational response in regard to the implementation of the Global Fund programmes.

This support mechanism entails the travel of a colleague from one UNDP Country Office to another Country Office in order to support key processes at various stages of a programme's lifecycle. This reflects the fact that UNDP can rely on significant capacity within its Country Offices that it can deploy quickly. One benefit of this mechanism is that it exposes national staff to international experience.

In 2015, the Global Fund/Health Implementation Support Team facilitated nine Country Office to Country Office missions on Global Fund grant implementation, including through sharing of good practices. This brings to 65 the total number of events and missions held since 2010 to facilitate Country Office to Country Office support, and to 21 the number of countries supported.

In one instance in 2015, the Cuba Country Office supported the national Principal Recipient in Honduras by assisting with the financial aspects of their funding application to the Global Fund. The The Global Fund/Health Implementation Support Team also supported the deployment of staff to the Ebola-affected countries from both their team and also UNDP Principal Recipient Country Offices.

Table 5: Overview of support to Country Offices, 2015

Country support missions by the Global Fund Partnership Team	40	Afghanistan (1),[31] Angola (2), Belarus (3), Belize (1) Bolivia (1), Chad (2), Djibouti (1), Egypt (1), Equatorial Guinea (1), Guinea Bissau (4), Haiti (2), India (4), Kazakhstan (1), Kyrgyzstan (3), Multi-Country South Asia (2), Sao Tome and Principe (1), State of Palestine (4), Sudan (4), Zambia (2).
Start-up of new Principal Recipient or other health support role supported	8	Belarus, Chad, Guinea Bissau, India, Kazakhstan, Panama, Multi-Country Western Pacific, Regional Africa.
Support to funding proposal submission (Concept Note)	8	Angola, Bolivia, Guinea Bissau, Kyrgyzstan, Panama, Regional Africa, Palestine, Tajikistan.
Countries supported for grant making/negotiations supported (new grants, extensions)	35	Afghanistan (3), Angola, Belize, Bolivia, Bosnia (2), Chad (2), Cuba, Djibouti (3), Guinea Bissau (2), Haiti (2), Iran, Iraq, Kyrgyzstan (2), Mali (2), Multi-Country Western Pacific (2), Panama, Regional Africa, Sao Tome and Principe, South Sudan, Sudan, Syria (2), Uzbekistan, Zimbabwe.
Support to submission of expression of interest for Regional Programmes	3	Regional Africa, Multi-Country South Asia, Multi-Country Latin America Caribbean.
Support to submission of expression of interest for Principal Recipient role	2	Angola, Multi-Country Latin America Caribbean
Support to Progress Update/Disbursement Request submission	15	Afghanistan (2), Djibouti (2), Guinea Bissau (2), Haiti (2), Sao Tome and Principe (3), State of Palestine, Syria (2), Uzbekistan.
Support to financial reporting	37	Quarterly Cash balance report and cash forecasting (GF portfolio: 37 countries + 2 regional service centres including Country Offices with grants in closure); Quarterly Expenditure Report (Chad, Mali and South Sudan); Global Fund Annual Tax Status Reporting for 2014 (25 countries + 1 regional service centre).
Support to grant closure	32	Angola, Belarus (2), Bosnia and Herzegovina (4), Cote d'Ivoire, Cuba, DRC (6), El Salvador, Gabon, Haiti, Kyrgyzstan, Mauritania (4), Montenegro, Niger (2), State of Palestine (2), Tajikistan (2), Zimbabwe (2).
Support to capacity development/transition planning and activities	10	Belarus, Bolivia, Guinea Bissau, Haiti, Kyrgyzstan, Sudan, Tajikistan, Uzbekistan, Zambia, Zimbabwe.
Countries supported for procurement planning	12	Belarus, Chad, Djibouti, Equatorial Guinea, Guinea Bissau, Iran, Kyrgyzstan, Multi-Country South Asia, Sao Tome and Principe, Tajikistan, Turkmenistan, Uzbekistan.
Support to emergency procurement	3	Angola, Chad, Equatorial Guinea.
Support to quality assurance planning and follow-up	6	Equatorial Guinea, Kyrgyzstan, Mali, Multi-Country South Asia, Sao Tome and Principe, Syria.
Support to Sub-recipient selection/value for money assessment process	6	Afghanistan, Kyrgyzstan, Multi-Country South Asia, Regional Africa, Turkmenistan, Uzbekistan.
Support to Sub-recipient audits	42	All Principal Recipient countries including countries under the regional and multi-country grants.
Support to Principal Recipient audits (OAI)	11	Cuba, Djibouti, Haiti, Iraq, Iran, Mali, Montenegro, South Sudan, Sudan, Uzbekistan, Zambia.
Support to Control Self Assessments	1	Multi Country South Asia.
Support to CCM funding agreement	5	Belarus, Bolivia, Cuba, Djibouti, Sao Tome and Principe.
Support to recruitment of PMU staff and consultants	28	Afghanistan (8), Djibouti (1), Guinea Bissau (3), Iraq (1), Kazakhstan (1), Kyrgyzstan (1), Regional Africa (3), South Sudan (2), Sudan (1), Syria (1), Tajikistan (3), Turkmenistan (1), Multi-Country Western Pacific (2).

31. The number next to the country name refers to numbers of instances e.g. 2 missions by one staff member = Country name (2), 1 mission by three staff/consultants = Country name (3).

3. Tools and guidance materials

The Global Fund/Health Implementation Support Team continues to produce and improve guidance materials and platforms to support Country Offices at various stages of grant implementation. The development of guidance materials is largely in response to OAI and Sub-recipient audit findings, mission findings, and UNDP and Global Fund policy changes. Tools developed in 2015-2016 include:

Procurement and supply chain tools

- First consolidated UNDP Global Fund Portfolio procurement planning exercise and improvements to the Procurement Action Plan Template for use in 2016 procurement planning.
- Development and wide dissemination to Country Offices of standard operating procedures for management of ARV/TLE, TB medicines, Quality Assurance Labs, and commercial LTAs.
- Development of a comprehensive guidance note on insurance practices.
- Development of SOPs for UNDP use of data-loggers.
- Establishment of UNDP's Health Procurement and Supply Management Expert (pre-approved) Roster, facilitating quick deployment of vetted and senior experts under Global Fund and non-Global Fund field requirements.
- Service Level Agreements were signed with UNICEF's Supply Division and UNDP procurement units to define roles, responsibilities and modus operandi under procurement partnership agreements.

Other implementation/operations tools

- Revised versions of two Discussion Papers on Gender and TB and Gender and Malaria, as well as Checklist on Integrating Gender into the Processes and Mechanisms of the Global Fund. These tools aim to increase investments in gender-sensitive programming for the three diseases.
- Consolidated heat map of all Sub-recipient audit results to guide the development of tools and the focus of additional support to Country Offices.
- Individual heat maps of critical audit results for FYs 2012 to 2014 were developed for each country, as a useful visual tracking tool of annual Sub-recipient performance and recurring areas for improvement with guidance on appropriate follow-up actions.
- In addition, the Global Fund/Health Implementation Support Team developed two new groups of Sub-recipient management tools:
  - — Sub-recipient financial reporting documents; Sub-recipient Capacity Assessment Tool and Assessment Report; Sub-recipient induction training materials; and Monitoring Visit Report Template.
  - — Template for Annexes to Sub-recipient Contract; Sub-recipient Management Guidelines, SOPs, etc.; Sub-recipient Financial Report; and Disbursement Request Template.

4. Corporate agreements

In 2015, the Global Fund/Health Implementation Support Team continued to revise existing agreements and negotiate new ones with the Global Fund in order to streamline implementation. These included:

- Revision of Standard Terms and Conditions to respond to Global Fund's Finance Step-up programme.
- Revised Memorandum of Understanding OAI–Office of the Inspector General and Investigations Protocol.
- New Standard Terms and Conditions, Global Fund Board Consistency Funding Agreements.
- Revised Standard Terms and Conditions, CCM Funding Agreements.
- New Counterpart Financing provision for inclusion in new grant agreements.

- New Agreement on the Implementation Support to Ministry of Health, Zimbabwe.

5. Communication and knowledge products

The Global Fund/Health Implementation Support Team produced a number of communication and knowledge products to highlight the partnership with the Global Fund and its achievements, including:

- UNDP Global Fund Partnership Results Sheet.
- Support for the production of videos as part of a broader range of videos produced by UNDP's HIV, Health and Development (HHD) Group, in collaboration with Agence France Presse.
- Media releases on UNDP's public website for key partnership events.
- Production of results pages for UNDP Country Offices where UNDP is Principal Recipient for the new website hosting the Capacity Development Toolkit, released in 2016: http://www.undp-globalfund-capacitydevelopment.org/en/our-results/

6. Training and knowledge sharing events

The Global Fund/Health Implementation Support Team, in support of UNDP Country Offices, completed a number of events during 2015, including:

- Finance webinars in English and French to provide guidance to and address Country Office queries regarding Global Fund quarterly cash balance reporting, cash forecasting and budgeting under the Global Fund New Funding Model, etc.
- Procurement and supply management workshop held in Goa, India with 77 participants from more than 20 UNDP Country Offices, as well as from various ministries and other national Procurement and Supply Management partners, and colleagues from other divisions of UNDP, and from UNICEF.
- A pilot gender training was held in Namibia in mid-2016 in collaboration with the Global Fund to increase Country Coordinating Mechanism capacity on gender issues related to HIV, TB and malaria.

Annexes

Annex I

UNDP Global Fund grant portfolio, March 2016

Annex II

Procurement statistics by provider, 2008–2015

Annex III

Overview of audit ratings per audit area, 2009–2015

Annex IV

Status of capacity development for transition of Principal Recipient role, April 2016

Annex I

UNDP Global Fund grant portfolio, March 2016

Country	Rd	Disease	Grant number	Grant status/phase	Program start date	Program end date	Total grant signed amount (US$)	Total disbursement amount (US$)	Performance rating
Eastern Europe and Central Asia									
Bosnia and Herzegovina	9	HIV/AIDS	BIH-910-G03-H	Phase II	01 Dec 2010	30 Sep 2016	30,052,366	28,724,789	A1
	S	TB	BIH-T-UNDP	Extension	01 Oct 2010	30 Jun 2016	16,391,925	16,111,002	A2
Kyrgyzstan	S	HIV/AIDS	KGZ-H-UNDP	Phase 1 extension	01 Jul 2011	30 Jun 2016	34,441,733	30,540,853	A2
	S	TB	KGZ-S10-G08-T	Period 2	01 Jan 2011	30 Jun 2016	28,374,504	24,730,068	A2
Tajikistan	NFM	HIV/AIDS	TJK-H-UNDP	Period 1	01 Oct 2015	31 Dec 2017	17,149,035	5,669,979	NR
Turkmenistan	9	TB	TKM-910-G01-T	Phase II	01 Oct 2010	30 Jun 2016	17,369,919	17,369,918	B1
Uzbekistan	S	HIV/AIDS	UZB-H-UNDP	Phase 1 extension	01 Jan 2012	30 Jun 2016	35,076,054	34,060,827	A1
Regional total							**178,855,535**	**157,207,435**	
Latin America and the Caribbean									
Belize	NFM	HIV/TB	BLZ-C-UNDP	Period 1	01 Jan 2016	31 Dec 2018	3,359,024	1,887,349	NR
Bolivia (Plurinational State)	NFM	Malaria	BOL-M-UNDP	Period 1	01 MAr 2016	31 Dec 2018	10,333,318		A1
Cuba	NFM	HIV/AIDS	CUB-H-UNDP	Period 1	01 Jul 2015	31 Dec 2017	15,425,238	4,394,950	NR
Haiti	9	TB	HTI-911-G08-T	Phase II	01 Apr 2011	31 Mar 2016	21,661,161	20,953,329	A2
Panama	NFM	HIV/TB	PAN-C-UNDP	Period 1	01 Jan 2016	31 Dec 2018	6,867,722	1,927,755	NR
Regional total							**57,646,463**	**29,163,383**	
Asia and the Pacific									
Afghanistan	NFM	Malaria	AFG-M-UNDP	Period 1	01 Oct 2015	31 Dec 2017	19,627,543	6,810,447	NR
	NFM	Tuberculosis	AFG-T-UNDP	Period 1	01 Apr 2015	31 Dec 2017	11,002,846	4,626,979	B1
	NFM	HSS	AFG-S-UNDP	Period 1	01 Apr 2015	31 Dec 2017	8,008,465	5,149,189	NR
Iran (Islamic Republic)	NFM	HIV/AIDS	IRN-H-UNDP	Period 1	01 Apr 2015	31 Mar 2018	11,961,295	4,213,291	NR
	S	Malaria	IRN-M-UNDP	Period 2	01 Oct 2011	30 Sep 2016	20,538,984	17,433,578	A2
Multicountry South Asia	9	HIV/AIDS	MSA-910-G02-H	Phase II	01 Jul 2013	31 Dec 2016	16,762,166	12,506,740	A1
Multicountry Western Pacific	NFM	HIV/TB	QMJ-C-UNDP	Period 1	01 Jul 2015	31 Dec 2017	14,214,351	4,949,662	NR
Multicountry Western Pacific (Vanuatu)	NFM	Malaria	QMJ-M-UNDP	Period 1	01 Jul 2015	31 Dec 2017	2,657,847	790,326	NR
Regional total							**104,773,497**	**56,480,212**	

Annex I *(continued)*

UNDP Global Fund grant portfolio, March 2016

Country	Rd	Disease	Grant number	Grant status/phase	Program start date	Program end date	Total grant signed amount (US$)	Total disbursement amount (US$)	Performance rating
Arab States									
Djibouti	NFM	HIV/TB	DJI-C-UNDP	Period 1	01 Jan 2016	31 Dec 2017	8,622,877	3,065,401	NR
	NFM	Malaria	DJI-M-UNDP	Period 1	01 Jan 2016	31 Dec 2017	7,794,954	3,039,104	NR
Iraq	S	Tuberculosis	IRQ-T-UNDP	Period 2	01 Oct 2010	31 Dec 2016	30,554,029	27,990,142	B1
Sudan	NFM	HIV/AIDS	SDN-H-UNDP	Period 1	01 Jul 2015	31 Dec 2017	17,676,886	8,399,282	NR
	NFM	Malaria	SDN-M-UNDP	Period 1	01 Jul 2015	30 Jun 2017	81,154,374	50,517,376	NR
	NFM	Tuberculosis	SDN-T-UNDP	Period 1	01 Apr 2015	31 Dec 2017	19,444,845	7,836,665	NR
Syrian Arab Republic	10	HIV/AIDS	SYR-011-G02-H	Phase I extension	01 Feb 2012	30 Jun 2016	2,487,816	2,415,274	B2
	6	TB	SYR-607-G01-T	Extension – TFM	01 Dec 2007	30 Jun 2016	9,137,292	7.904.190	82
Regional total							**176,873,073**	**111,167,434**	
Africa									
Africa (Regional)	NFM	HIV/AIDS	QPA-H-UNDP	Period 1	01 Jan 2016	31 Dec 2018	10,522,144	1,698,890	NR
Chad	NFM	Malaria	TCD-M-UNDP	Period 1	01 Jan 2016	31 Dec 2018	65,287052		B1
Guinea-Bissau	S	Malaria	GNB-M-UNDP	Period 1	01 Jul 2013	31 Mar 2016	11,943,305	11,304,997	B2
	9	Tuberculosis	GNB-913-G13-T	Phase II	01 Jul 2013	30 Jun 2016	8,587,996	4,759,050	A2
Mali	NFM	HIV/AIDS	MLI-H-UNDP	Period 1	01 Jul 2016	31 Dec 2017	48,304,971	13,428,638	B1
Sao Tome and Principe	NFM	TB	STP-T-UNDP	Period 1	01 Jul 2015	31 Dec 2017	1,567,681	881,594	A1
	10	HIV/AIDS	STP-011-G05-H	Phase II	01 Jan 2012	31 Dec 2016	1,895,959	1,589,658	A1
	NFM	Malaria	STP-M-UNDP	Period 2	01 Jan 2016	31 Dec 2017	5,763,513		A2
South Sudan	NFM	HIV/AIDS	SSD-H-UNDP	Period 1	01 Oct 2015	31 Dec 2017	40,705,633	14,536,437	NR
	NFM	TB	SSD-T-UNDP	Period 1	01 Jul 2015	31 Dec 2017	15,512,452	5,884,899	B1
	9	HSS	SSD-910-G13-S	Extension-TFM	01 Oct 2010	30 Nov 2016	48,729,660	40,244,424	A2
Zambia	S	HIV/AIDS	ZAM-H-UNDP	Period 1	01 Nov 2013	31 Aug 2016	156,509,071	130,099,401	A1
Zimbabwe	NFM	HIV/AIDS	ZIM-H-UNDP	Period 1	01 Jan 2014	31 Dec 2016	468,705,052	347,524,893	A2
Regional total							**884,034,488**	**571,952,881**	
Grand total							**1,402,183,057**	**925,971,525**	

Annex II

Procurement statistics by provider, 2008–2015

		2008		2009		2010		2011		2012		2013		2014		2015	
		(US$)	%	(US$)	%	(US$)	%	(US$)	%	(US$)	%	(US$)	%	(US$)	%	(US$)	%
UN	UNICEF	17,849,487	32	40,344,505	52	74,319,482	63	89,879,559	65	135,190,907	65	138,500,334	73	174,797,806	82	45,501,454	19.10
	UNFPA	3,097,690	5	4,009,035	5	6,271,158	5.20	3,000,000	2	3,348,317	2	1,679,399	1	1,400,850	1	1,206,589	0.51
	GPU	12,000,000	20	16,500,000	21	33,572,367	28	34,500,000	25	60,077,579	29	47,934,601	25	34,475,189	16	47,238,378	19.83
LTA	IDA	15,425'138	42	10,881,036	22	2,922,580	4.30	7,518,446	8	1,240,733	4	504,110	0.27	483,971	0.23	440,343	0.18
	MEG	682,761		316,727		—		396,814		—		—		13,338		N/A	
	IMRES	34,909		831'909		18,563		183,650		1,268,583		312,917		721,351		191,934	0.08
	Novartis	1,979,979		1,057,063		2,284,752		3,193,267		6,539,597		1,138,252		0		228,316	0.10
	CHMP	—		—		—		18,608		—		—		0		N/A	
	GIZ	6,658,640		3,928,244		0		2,405,717		133,514		67,703		0		N/A	
TLE LTA	MYLAN	N/A		N/A		N/A		N/A		N/A		N/A		903,665	0	57,644,507	59.68
	HETERO	N/A		N/A		N/A		N/A		N/A		N/A		530,250		53,773,858	
	AUROBINDO	N/A		N/A		N/A		N/A		N/A		N/A		0		22,902,433	
	CIPLA	N/A		N/A		N/A		N/A		N/A		N/A		0		7,883,568	
First line anti-TB medication LTA	REIG JOFRE	N/A		N/A		N/A		N/A		N/A		N/A		N/A		695,792	0.48
	MACLEODS	N/A		N/A		N/A		N/A		N/A		N/A		N/A		45,100	
	SVIZERA	N/A		N/A		N/A		N/A		N/A		N/A		N/A		366,558	
	HINDUSTAN	N/A		N/A		N/A		N/A		N/A		N/A		N/A		26,439	
	DEMO SA	N/A		N/A		N/A		N/A		N/A		N/A		N/A		11,838	
	Lupin	N/A		N/A		N/A		N/A		N/A		N/A		N/A		6,413	
Quality control LTAs		N/A		N/A		N/A		N/A		N/A		N/A		N/A		98,125	0.04
Grand Total		**57,728,604**		**77,868,519**		**119,388,902**		**141,096,061**		**207,799,230**		**190,137,317**		**213,326,419**		**238,261,645**	

Annex III

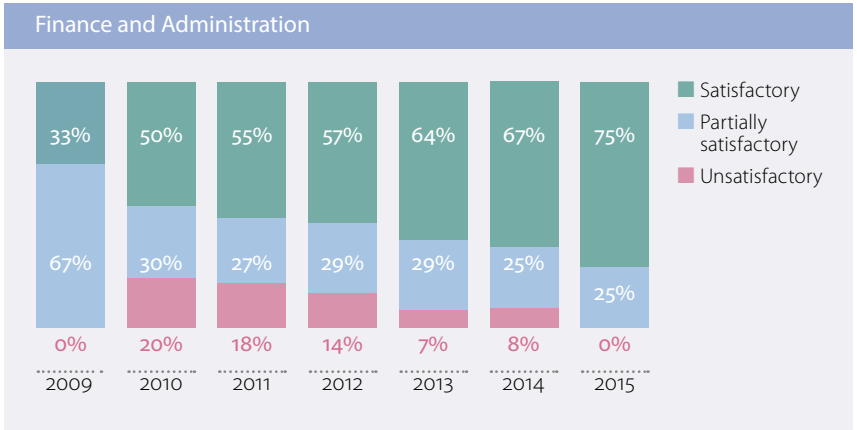
Overview of audit ratings per audit area, 2009–2015

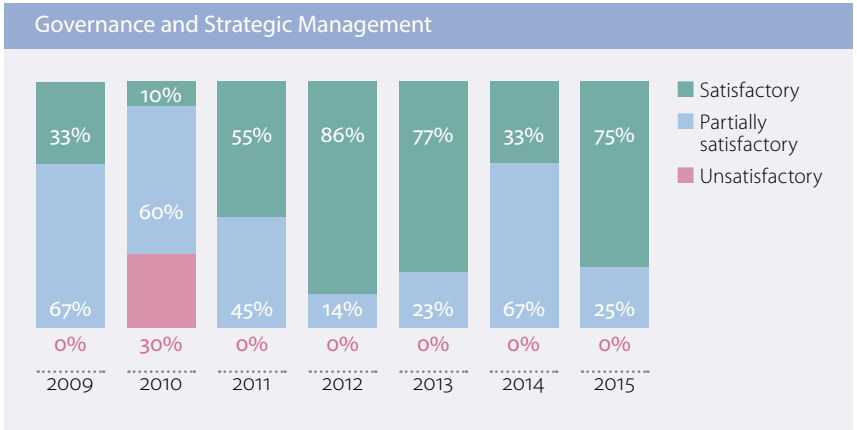
A. Finance and Administration

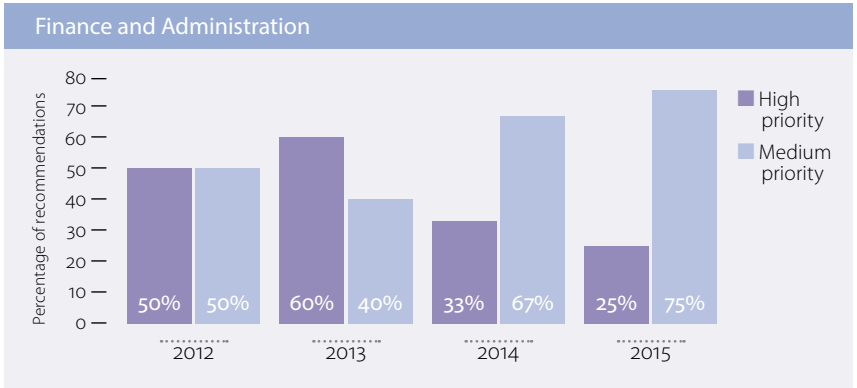
Considerable progress has been made in the area of Finance and Administration since 2009 with continued improvement in the proportion of 'satisfactory' ratings from 33 percent in 2009 to 75 percent in 2015. The 'unsatisfactory' ratings have also shown a decline from 20 percent in 2010 to 8 percent in 2014 and to zero percent in 2015. The percentage of 'high' (critical) priority recommendations has also shown a decline from 60 percent in 2013 to 25 percent in 2015.

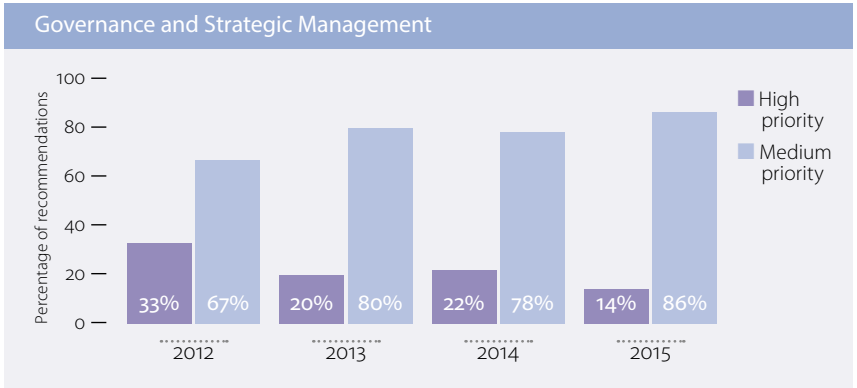
B. Governance and Strategic Management

Considerable progress had been made in the area of Governance and Strategic Management since 2009 with the proportion of 'unsatisfactory' ratings being zero percent since 2011. There has also been an increase in 'satisfactory' ratings from 10 percent in 2010 to 75 percent in 2015, with a decline in 2014 to 33 percent. The percentage of 'high' (critical) priority recommendations has also shown a decline from 22 percent in 2014 to 14 percent in 2015.







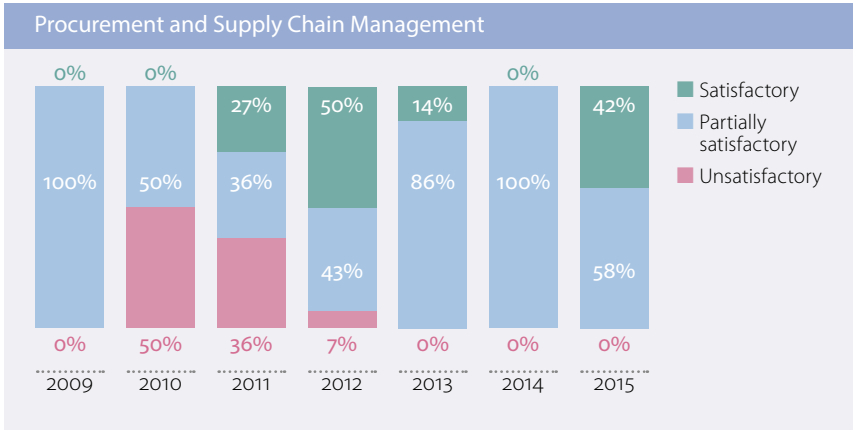


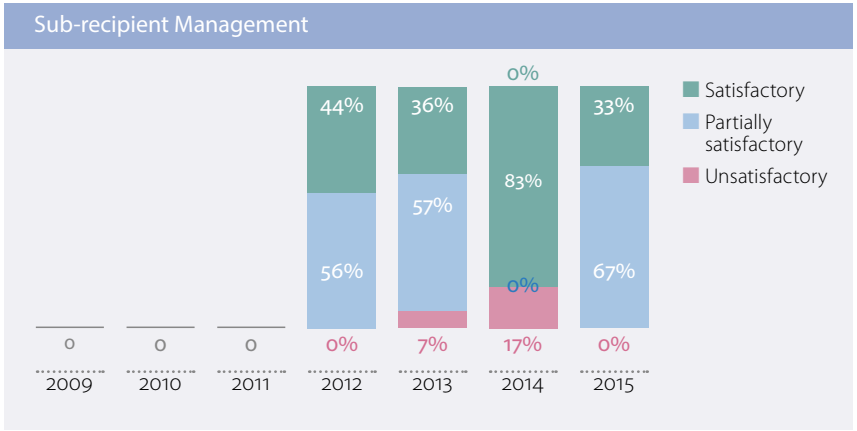
C. Procurement and Supply Management

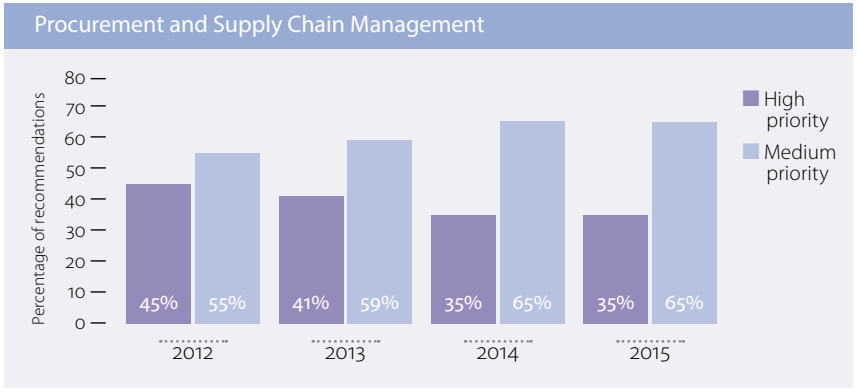
There has been considerable progress in the audit area 'Procurement and Supply Management' accounting for 39 percent of the recommendations compared to 48 percent in 2014. The percentage of 'satisfactory' ratings was 42 percent increasing from 14 percent in 2013 and zero percent in 2014. The percentage of 'high' (critical) priority recommendations decreased from 41 percent in 2013 to 35 percent in 2015.

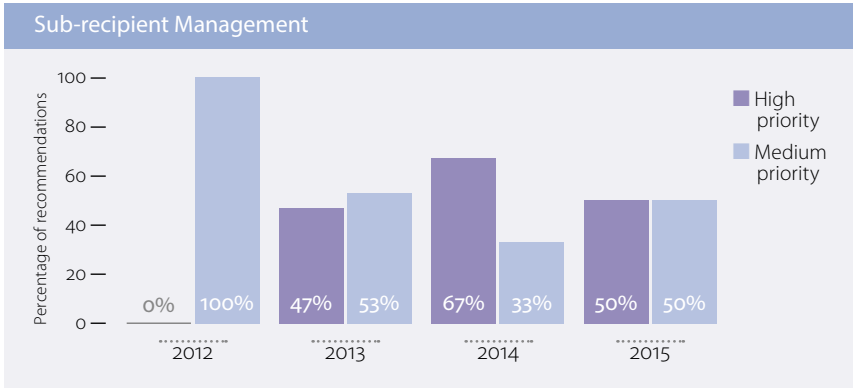
D. Sub-recipient Management

The audit sub-category 'Sub-recipient Management' continues to be an area of weakness, with 33 percent of 'satisfactory' ratings in 2015 declining from 83 percent in 2014. However, there was a reduction in the proportion of 'unsatisfactory' ratings from 17 percent in 2014 to zero percent in 2015, and the percentage of 'high' (critical) priority recommendations decreased from 67 percent in 2014 to 50 percent in 2015.



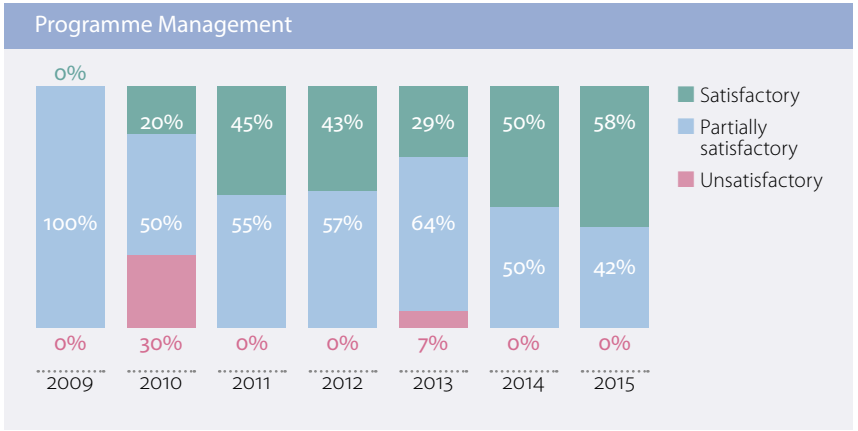


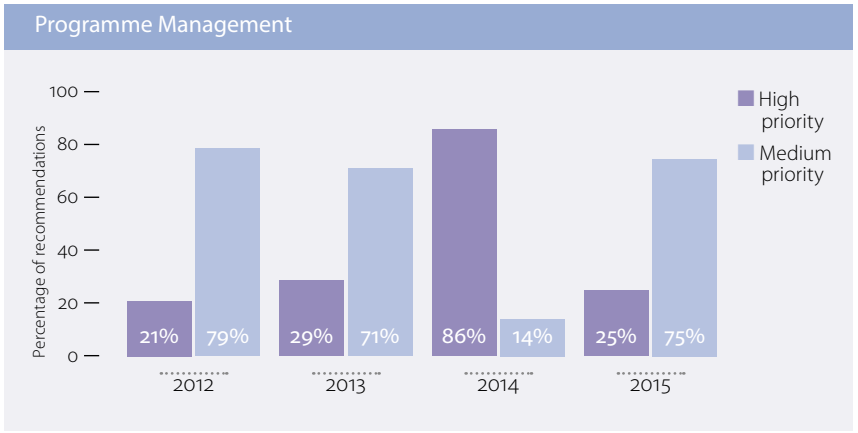




E. Programme Management

Programme Management has consistently fared well in audit reports. The proportion of 'satisfactory' audit ratings has steadily increased from zero percent in 2009 to 58 percent in 2015, with a slight decline in 2013 (29 percent). The proportion of 'unsatisfactory' ratings has also declined over time from 30 percent (2010) to zero percent since 2014. The percentage of 'high' (critical) priority recommendations is approximately 25 percent with the exception of 2014 at 86 percent.





Annex IV

Status of Capacity Development and transition of Principal Recipient role, April 2016

Status of Capacity Development for transition to National Principal Recipients in countries where UNDP serves as interim Principal Recipient – Tentative Timelines

Country	Disease	Grant number	Grant end date	Grant signed amount (US$)	Entity nominating UNDP as interim Principal Recipient	Reason for UNDP nomination as interim Principal Recipient	CD plan for transition under implementation	Timeframe of transition to national entities	Comments
Afghanistan	HSS	AFG-S-UNDP	31.12.2017	8'008'465	CCM	Capacity constraints and politically complex environment	To be initiated in 2016	To be determined – Work on sustainability and a transition plan will start in 2016	UNDP and MOH have signed a MoU to provide a framework for CD/transition planning
	TB	AFG-T-UNDP	31.12.2017	11'002'846	CCM				
	Malaria	AFG-M-UNDP	31.12.2017	19'627'543	CCM				
Angola	HIV	AGO-405-G03-H	31.03.2015	80'700'247.00	CCM	Post-crisis, capacity constraints	To be formulated as of part of grant negotiations	New grant under negotiation - to be determined in course of next grant	Transition completed for TB and Malaria grants in 2013
Belarus	HIV	BLR-H-UNDP	30.11.2015	14'987'573.68	CCM	Capacity constraints, weak governance/ accountability, political constraints in working with NGOs	Completed	Completed in 2016	Transition Plan jointly developed and implemented by the Government, TGF and UNDP to enable handover of Principal Recipient to a national entity in 2016, UNDP continuing to provide procurement and capacity development support.
	TB	BLR-S10-G04-T	31.12.2015	26'417'736.00	CCM			Completed in 2016	
Belize	HIV	BLZ-C-UNDP	31.12.2018	3'359'024	CCM	Capacity constraints, weak civil society	Yes	To be reviewed in 2016	Capacity development and transition plan developed – will inform the timing of the transition.
Bolivia	Malaria	BOL-M-UNDP	31.12.2018	17'442'327	CCM	Complex political context	Yes	To be reviewed during implementation of CD plan.	Capacity Development and Transition Plan facilitated by UNDP, activities and budget included in new malaria grant signed in 2016.
Bosnia and Herzegovina	HIV	BIH-910-G03-H	30.09.2016	30'052'366	CCM	Complex political context	Yes	N/A Transition out from Global Fund funding as of 30 September 2016	Transition plan developed, approved by CCM and GF, currently under implementation.
	TB	BIH-T-UNDP	30.06.2016	16'391'925.05	CCM			N/A Transition out from Global Fund funding as of 30 June 2016.	
Chad	Malaria	TCD-M-UNDP	31.12.2018	65'287'052	Global Fund	ASP, capacity constraints,fragile state, weak governance and accountability	To be initiated in 2016	For the next grant if a national Principal Recipient is identified and positively evaluated.	
Cuba	HIV	CUB-H-UNDP	31-Dec-2017	15'425'238	CCM	Donor sanctions	N/A	Currently not under consideration due to donor sanctions.	

Annex IV *(continued)*

Status of Capacity Development and transition of Principal Recipient role, April 2016

Status of Capacity Development for transition to National Principal Recipients in countries where UNDP serves as interim Principal Recipient – Tentative Timelines

Country	Disease	Grant number	Grant end date	Grant signed amount (US$)	Entity nominating UNDP as interim Principal Recipient	Reason for UNDP nomination as interim Principal Recipient	CD plan for transition under implementation	Timeframe of transition to national entities	Comments
Djibouti	HIV/TB	DJI-C-UNDP	31.12.2017	8'622'877	Global Fund	ASP, OIG findings of irregularities, out-standing recoveries from Government, weak governance and accountability	CD plan will be developed during the course of the current grant.	Currently not under consideration due to country context	
	Malaria	DJI-M-UNDP	31.12.2017	7'794'954	Global Fund				
Guinea-Bissau	TB	GNB-913-G13-T	30.06.2016	8'587'996	Global Fund	ASP, OIG findings of irregularities, capacity constraints, and weak governance and accountability	No	To be handed over 1st July 2016 (national Principal Recipient)	Capacity Development Plan developed by Ministry of Health with guidance from UNDP, activities and budget included in new grant signed in 2016.
	Malaria	GNB-M-UNDP	31.12.2017	EUR 16'384'304	Global Fund			Planned in 2018	
Haiti	HIV	HTI-102-G09-H	30.06.2015	72'375'342	Global Fund	ASP, post-disaster context, complex emergency, fragile state, capacity constraints	A CD plan had been prepared but decision to transfer grant to international NGO makes it irrelevant	Transitioned	HIV and TB grants are transitioned to an international NGO and the Ministry of Finance will manage the HSS component.
	TB	HTI-911-G08-T	31.03.2016	21'661'161.27	Global Fund			April 2016	
Iran (Islamic Republic)	HIV	IRN-H-UNDP	31.03.2018	11'961'295	Global Fund	ASP, donor sanctions	Capacity development as part of grants	Currently not under consideration due to country context	
	Malaria	IRN-M-UNDP	31.09.2016	20'538'984	Global Fund			30 September 2016 (upon graduation)	Country no longer eligible for malaria funding from Global Fund
Iraq	TB	IRQ-T-UNDP	31.12.2016	30'554'029	Global Fund	ASP, complex emergency, fragile state, security,	N/A	31 Dec 2016 (upon graduation)	Country no longer eligible beyond current grants
Kyrgyzstan	HIV	KGZ-H-UNDP	31.12.2015	29'436'073	CCM	Political crisis in 2012, capacity constraints,	Yes (to strengthen national Sub-recipients that will eventually be serving as Principal Recipient)	Under review and potential transition in 2016	Capacity Development and Transition Plan facilitated by UNDP working closely with Ministry of Health and TGF. Implementation underway, activities and budget in budget making process.
	TB	KGZ-S10-G08-T	31.12.2015	19'357'893.43	CCM			Under consideration and potential transition in 2016	
Mali	HIV	MLI-H-UNDP	31.12.2017	48'304'971	CCM	ASP, OIG findings of irregularities, political crisis, complex emergency, fragile state, capacity constraints	CD plan will be developed during the course of the current grant.	For the next grant if a national Principal Recipient is identified and positively evaluated	

Status of Capacity Development for transition to National Principal Recipients in countries where UNDP serves as interim Principal Recipient – tentative timelines

Country	Disease	Grant number	Grant end date	Grant signed amount (US$)	Entity nominating UNDP as interim Principal Recipient	Reason for UNDP nomination as interim Principal Recipient	CD plan for transition under implementation	Timeframe of transition to national entities	Comments
Montenegro	HIV	MNT-910-G03-H	30.06.2015	5'466'082	CCM	Capacity constraints	Yes	Transitioned 30 June 2015	No longer eligible for GF assistance
Panama	HIV/TB	PAN-C-UNDP	31.12.2018	6'867'722	CCM	Capacity constraints	New grant	Will be discussed during the implementation period	
Sao Tome and Principe	TB	STP-T-UNDP	31.12.2017	1'567'681	CCM	Capacity constraints	No formal CD plan could be financed from the grant due to limited resources.	Currently under discussion.	Although no formal CD plan in place, transfer of skills and capacity building takes place through daily interactions between UNDP and MOH teams.
	HIV	STP-011-G05-H	31.12.2016	1'895'959	CCM				
	Malaria	STP-M-UNDP	31.12.2017	5'763'513	CCM				
South Sudan	HIV	SSD-H-UNDP	31.12.2017	40'705'633	Global Fund	ASP, complex emergency, fragile state, capacity constraints, newly independent country	Yes	Currently not under consideration due to country context	
	TB	SSD-T-UNDP	31.12.2017	15'512'452	Global Fund				
	HSS	SSD-910-G13-S	30.11.2016	48'729'660	Global Fund				
State of Palestine	HIV	PSE-708-G01-H	30.11.2015	10'064'531.00	Global Fund	Crisis context, ASP	No	UNDP role ends with the current grants (in closure)	GF support to Palestine will be managed regionally
	TB	PSE-809-G02-T	30.11.2015	2'304'625	Global Fund				
Sudan	HIV	SDN-H-UNDP	31.12.2017	17'676'886	Global Fund	ASP, capacity constraints, donor sanctions	Yes (to strengthen Sub-recipients that will eventually serve as PR)	HSS component transitioned in 2015	
	Malaria	SDN-M-UNDP	30.06.2017	81'154'374	Global Fund				
	TB	SDN-T-UNDP	31.12.2017	19'444'845	Global Fund				
Syrian Arab Republic	TB	SYR-607-G01-T	30.06.2016	9'137'292.00	Global Fund	ASP, civil war, complex emergency, security issues, donor sanctions	Sudden decision by GF to change Principal Recipient, no formal CD plan can be envisaged.	UNDP to transition the Principal Recipient role in 2016.	
	HIV	SYR-011-G02-H	30.06.2016	2'487'816	Global Fund				
Tajikistan	HIV	TJK-H-UNDP	31.12.2017	17'149'035	CCM	Capacity constraints	Yes	2017	New Capacity Development and Transition Plan facilitated by UNDP working closely with the Ministry of Health, awaiting approval and budget allocation in 2016.
	TB	TAJ-809-G09-T	30.09.2015	47'133'615	CCM			Transition completed in 2016	
Turkmenistan	TB	TKM-910-G01-T	30.06.2016	17'369'919	CCM	Capacity constraints, weak governance and accountability.	No	Currently not under consideration due to country context	New grant to be signed June 2016

Annex IV *(continued)*

Status of Capacity Development and transition of Principal Recipient role, April 2016

Status of Capacity Development for transition to National Principal Recipients in countries where UNDP serves as interim Principal Recipient – Tentative Timelines

Country	Disease	Grant number	Grant end date	Grant signed amount (US$)	Entity nominating UNDP as interim Principal Recipient	Reason for UNDP nomination as interim Principal Recipient	CD plan for transition under implementation	Timeframe of transition to national entities	Comments
Uzbekistan	HIV	UZB-H-UNDP	30.06.2016	35'076'054	CCM	Political considerations, non-conducive environment for NGOs	CD plan developed	Transition 1 July 2016	Continuing support for national Principal Recipient is under consideration.
Zambia	HIV	ZAM-H-UNDP	31.08.2016	156'509'071	CCM	OIG findings of irregularities, capacity constraints	Yes	31 August 2016	New Capacity Development Plan with a strong focus on provincial level capacities to implement disease programs facilitated for Ministry of Health by UNDP. MOH signed new grants as Principal Recipient in 2015
Zimbabwe	HIV	ZIM-H-UNDP	31.12.2016	468'705'052	Global Fund	ASP, OIG findings of irregularities, donor sanctions, risk of sequestration of funds due to fiscal crisis, weak governance and accountability.	Yes. Second Phase under development for 2015-2016	UNDP has handed over management of TB and Malaria grants to MOH in December 2014. UNDP will transition HIV in 2018.	Comprehensive Capacity Development and Transition Plan for Ministry of Health and Child Care is being successfully implemented.

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