



THE OFFICE OF THE INSPECTOR GENERAL



The Global Fund to Fight AIDS, Tuberculosis and Malaria

**Diagnostic Review of Global Fund Grants to the Caribbean
Community Secretariat**

**GF-OIG-12-009
2 October 2012**

Table of Contents

Executive Summary 1

Message from the General Manager of the Global Fund 2

Message from the Regional Coordinating Mechanism..... 4

Introduction 5

Grant Implementation 6

Good Practices 8

Risk 9

Annex 1: Abbreviations 16

Annex 2: Recommendations and Action Plan 17

Executive Summary

Introduction

1. This diagnostic review of the Global Fund Round 9 multi-country grant to the Caribbean Community Secretariat sought to identify and share good practices, identify key risks to which the grant program was exposed, and make recommendations for risk mitigation where weaknesses and gaps were found. The total grant budget for Phase 1 was USD 11.2 million of which USD 9.5 million had been disbursed at the time of the review, which took place during July 2012.

2. The program implemented by the seven sub-recipients of the grant had two main axes of intervention: (a) strengthening health systems and supporting the delivery of antiretroviral therapy in six countries of the Organization of Eastern Caribbean States, and (b) preventing HIV infection among marginalized groups of people and promoting the realization of their human rights in all 16 countries included in the program. Both axes were pursued in coordination with other international donor-funded programs in the region and were complementary to programs supported through Global Fund country grants for HIV in Haiti, the Dominican Republic, Jamaica, Guyana, Suriname and Belize.

3. The diagnostic review observed a strong, well-managed program that responded to its objectives of supporting national capacity in the response to HIV using a regional approach, and many good practices were noted. Notwithstanding this, a number of risks were identified that could impede the successful outcome of grant programs unless mitigated. An action plan in response to the report recommendations has been prepared jointly by the Global Fund Secretariat, the Regional Coordinating Mechanism and the Principal Recipient and is included as Annex 2.

Key Mitigating Actions Agreed Upon

4. In response to risks in the areas of program design, implementation and monitoring, the relevant stakeholders have agreed to:

- (i) Prepare a proposal for the second phase of the grant that places greater emphasis on synergies among Sub-Recipients working on a common intervention logic;
- (ii) Propose a revised performance framework for the second phase of the grant with indicators and targets that are more closely aligned with the program objectives and with the epidemiology of HIV in the Caribbean;
- (iii) Further improve the quality of HIV services in the OECS;
- (iv) Review the Phase 1 work plan of CRN+ in order to sharpen its focus on the institutional consolidation of the regional network; and
- (v) Ensure that Global Fund support for the development of the case-based surveillance system in countries of the Organization of Eastern Caribbean States will be applied towards the development of an integrated epidemiological surveillance system rather than a system that focuses only on the collection of HIV-specific indicator data.

5. With regard to procurement and supply chain management, the relevant stakeholders have agreed to strengthen the approach being taken to the implementation of pharmaceutical inventory management software through a needs analysis to ensure that users' needs are best met. In the area of financial management, the Principal Recipient has agreed to work with Sub-Recipients and Sub-Sub-Recipients to improve accounting controls, as well as taking steps aimed at reducing human resource costs at Sub-Recipients and Sub-Sub-Recipients. The PR has also agreed to take steps to reduce travel costs by working to improve travel planning for all entities involved in the implementation of the grant.

Message from the General Manager of the Global Fund



10 YEARS
OF IMPACT

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01 October 2012

MESSAGE FROM THE GENERAL MANAGER

I would like to thank the Office of the Inspector General for its thorough and insightful work on the Diagnostic Review of Global Fund Grants to the Caribbean Community Secretariat.

The review's fieldwork was conducted from 9 to 27 July, 2012 and covered the first phase of the Round 9 HIV multi-country grant to the Caribbean Community (CARICOM) Secretariat. The total budget for the grant's Phase 1 is US\$ 11.2 million - of which US\$ 9.5 million had been disbursed by the time of the review.

The grant program involves all 15 CARICOM member states and the Dominican Republic. For the diagnostic review, the Office of the Inspector General visited Antigua and Barbuda, the Dominican Republic, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago.

The combined population of the CARICOM member states and the Dominican Republic is about 27 million. Among them, an estimated 230,000 people are living with HIV, 95% of them in the four largest countries: The Dominican Republic, Haiti, Jamaica, and Trinidad and Tobago. In most countries, the AIDS epidemic is generalized but stable at a low-level, with the adult HIV prevalence ranging from 1% in the Dominican Republic to 3% in the Bahamas. Some countries, however, have significant epidemics among vulnerable groups, such as men who have sex with men in Jamaica (HIV prevalence 33%) and female sex workers in Guyana (17%).

The linguistic and cultural diversity of the member states, as well as the social and economic inequalities, pose challenges for grant implementation. While some countries have well-functioning health systems, others lack basic structures and support to deliver effective and efficient HIV treatment.

In spite of the challenges, the review found evidence of a strong and well-managed program that, using a regional approach, successfully supports national capacity in the fight against AIDS. The report highlights that pooled pharmaceutical procurement and supply management systems have brought considerable benefits to countries with small-size populations, as the economies of scale of a multi-country approach contribute to financial gains. In addition, because the CARICOM Secretariat has access to high government officials, such as Prime Ministers and Ministers of Health, the program succeeded in opening a discussion on stigma and discrimination at the highest levels of government in the region.

The review, however, also identified a number of risks. Although the activities were consistently of high quality, they were not strongly linked to the overall program goals.

Diagnostic Review of Global Fund Grants to CARICOM

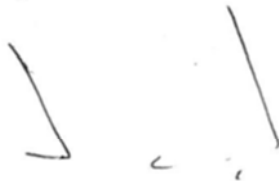
Other risk areas include financial and procurement and supply chain management. To address these issues, the report makes 15 recommendations.

Following the completion of the review, the grant's relevant stakeholders agreed to take immediate key mitigating actions.

In its overall appraisal, the Office of the Inspector General observed good practices that are potentially applicable to other regional grant programs, and suggested that the Secretariat shares this report with implementers working in similar situations.

Diagnostic reviews by the Office of the Inspector General are an essential form of quality control for the Global Fund. The Office of the Inspector General plays an indispensable role in helping us all achieve our mission of effectively investing the world's money to save lives.

Yours sincerely



Message from the Regional Coordinating Mechanism



24 September 2012

Mr. John Parsons
Inspector General
Office of the Inspector General
The Global Fund to Fight AIDS, Tuberculosis and Malaria
Chemin de Blandonnet 8 1214 Vernier
Geneva
SWITZERLAND

Dear Mr. Parsons,

DRAFT DIAGNOSTIC REPORT ON THE GLOBAL FUND GRANT TO CARICOM

The Regional Coordinating Mechanism (RCM) wishes to acknowledge receipt of the Draft Report on the Diagnostic Review of the PANCAP/Global Fund Round 9 Grant which was conducted by the Office of the Inspector General (OIG) during the period 9-27 July 2012.

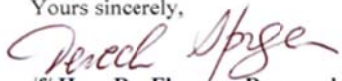
The RCM, Principal Recipient (PR) and Sub-Recipients (SRs) have reviewed and discussed the report's findings and recommendations and have prepared the following response.

The Report highlights several good practices which can be shared with other countries and regions. It also identifies the risks to the successful implementation of the grant and provides concise recommendations on how to mitigate those risks. Both risks and recommendations were discussed with the RCM thereby providing us with the opportunity to clarify unclear areas. The RCM holds the view that the report provides an accurate assessment of the health of the grant and provides the necessary guidance to ensure its successful implementation.

The RCM would like to assure you that we are currently working with the PR and SRs to implement the recommendations in the report and in this regard has developed an action plan to address them (*Annex 2*). The RCM is committed to ensuring the successful implementation of the grant given its significant contribution to the regional response.

We take this opportunity to thank the members of the OIG Team for their high level of professionalism in conducting the review.

Yours sincerely,



/s/ Hon. Dr. Florence Duperval Guillaume
Minister of Health of Haiti and Chair
Regional Coordinating Mechanism of PANCAP

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Diagnostic Review of Global Fund Grants to CARICOM

Introduction

What was the review about?

6. As part of its 2012 plan, the Office of the Inspector General (OIG) undertook a diagnostic review of the Global Fund multi-country Round 9 HIV grant to the Caribbean Community (CARICOM) Secretariat. This review sought to:

- Identify and share good practices; and
- Identify and report the key risks to which the grant programs are exposed, along with recommendations aimed at ensuring the risks are adequately mitigated.

7. A diagnostic review is different from a country audit in that no overall opinions are provided and no assurance is provided regarding how grant funds were spent. The team for the diagnostic review included technical experts in public health, financial management, and procurement and supply chain management. The fieldwork for the diagnostic review was conducted from 9 to 27 July 2012 in the following locations: Antigua and Barbuda, the Dominican Republic, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines and Trinidad and Tobago.

8. The CARICOM Secretariat has been the Principal Recipient (PR) for two Global Fund grants, of which the Round 3 grant was closed in September 2010 and was not included in the scope of the diagnostic review:

Round/ Disease	Grant Number	Total Grant Amount USD	Total Disbursed to July 2012 USD	% Disbursed
R3 Phases 1 & 2 HIV	MAC-304-G01-H	10,316,732	10,320,657	100%
R9 Phase 1 HIV	MAC-910-G02-H	11,190,617	9,548,093	85%
Total		21,507,349	19,868,750	

What is the environment within which programs were implemented?

9. The program supported by the Round 9 grant covered the 15 CARICOM member states and the Dominican Republic with a total population of about 27 million. The countries were home to an estimated 230,000 people living with HIV, 95% of them in the four largest countries: The Dominican Republic, Haiti, Jamaica and Trinidad and Tobago. Most countries experience a stable low-level generalized epidemic with the adult HIV prevalence ranging from 1% in the Dominican Republic to 3% in the Bahamas. Hidden behind these statistics were significant epidemics among vulnerable groups such as men who have sex with men in Jamaica (HIV prevalence 33%) or female sex workers in Guyana (17%).

10. Major challenges to the program included the linguistic and cultural diversity of the region with four official languages and widely divergent social attitudes towards sexual minorities. The Caribbean Commonwealth countries in particular continued to maintain punitive laws against same sex relationships and commercial sex. The program spanned countries within a wide range on the scale of social and economic development, with Barbados in rank 49 and Haiti in rank 158

on the UNDP Human Development Index.¹ This entailed major differences in priorities and needs, with some countries requiring basic health systems support in order to be able to deliver effective and efficient HIV treatment, while others had well-functioning health systems but challenges in HIV prevention among vulnerable groups.

Grant Implementation

Who was responsible for implementing the programs?

11. The role of the PR was executed by a Program Management Unit (PMU) of the CARICOM Secretariat. The PMU was under the direct authority of the Deputy Secretary General. The responsibility for program implementation was delegated to seven Sub-Recipient (SR) organizations and a number of Sub-Sub-Recipients (SSRs):

- COIN, based in Santo Domingo, worked with four SSRs on the development, evaluation and documentation of rights-based approaches to HIV prevention among vulnerable groups;
- The PANCAP Coordinating Unit (PCU) worked with three SSRs towards the creation of an enabling environment for HIV services;
- The OECS Secretariat managed a grant for the provision of ART in the six nation states of the OECS;
- The UWI and the CMLF worked on health systems strengthening focused on human resources capacity and laboratory services;
- The CHRC had the mandate to strengthen data collection and analysis and to improve planning, monitoring and evaluation of national responses to HIV; and
- The EDC worked in the education sector for HIV prevention among young people in school.

Who was responsible for oversight?

12. In accordance with the Global Fund model, the Regional Coordinating Mechanism (RCM) was responsible for overseeing Global Fund-supported grant programs, the Local Fund Agent (LFA) provided independent verification of program progress and financial accountability to the Global Fund Secretariat, and the Global Fund Secretariat monitored program effectiveness and managed the grant. Notable features of the oversight of the Global Fund Round 9 grant to CARICOM were:

- The Priority Areas Coordinating Committee (PACC) of the RCM had the overarching function of “Strategic Management and Technical Oversight” in the planning, monitoring and evaluation of projects and programs in support of the Caribbean Regional Strategic Framework (CRSF). The PACC met at least quarterly and provided bi-annual progress reports to the RCM on the implementation of the CRSF, including the Round 9 grant program activities;
- The PR finance function reviewed the supporting documentation for all expenditures made by SRs and SSRs;
- All SRs and SSRs were subject to periodic monitoring visits by the PMU and the PR’s internal audit function; and
- The PCU conducted periodic monitoring visits to its SSRs, and the OECS HIV AIDS Project Unit (HAPU) and Pharmaceutical

¹ UNDP Human Development Report 2011

Diagnostic Review of Global Fund Grants to CARICOM

Procurement Service (PPS) both conducted monitoring visits to the six OECS countries that were covered by the Round 9 grant.

13. The Local Fund Agent for this portfolio, since the inception of the Round 9 grant, has been Cardno Emerging Markets USA. Key areas for improvement identified in the OIG review were the quality of deliverables, the role in quality control of the Central Coordinating Team of the LFA, and weaknesses in the structure and skill sets. The Global Fund Secretariat rated the LFA's performance as "below meeting requirements" (April 2012).

14. Based on a review of the LFA's responses to the performance evaluation and discussions held with the LFA team, the OIG understands that the LFA has accepted and was acting on the Global Fund Secretariat's recommendations to improve performance in these areas.

15. The LFA's scope of work and financial management verification was limited to the PR and included no SR visits. While the PR undertakes extensive financial monitoring of the SRs, the OIG would nonetheless encourage the Global Fund Secretariat to engage the LFA to perform periodic visits to SRs to independently assess the quality of financial processes and internal controls from a risk-based perspective.

Was there value to a multi-country approach?

16. The program has met the objectives in the grant proposal and has demonstrated the rationale for multi-country Global Fund support in two ways:

- The HIV treatment and health systems strengthening component in the six OECS countries has contributed to establishing a quality system of HIV care and a functional pooled pharmaceutical procurement and supply management system. Due to their small population size, they benefit considerably from the economies of scale of a multi-country approach.
- The policy and social mobilization initiatives for the protection of the human rights of sexual minorities and of people living with HIV in the remaining program countries have started to show results in terms of shifting media discourse, reducing violence against sexual minorities, and opening a discussion of issues related to stigma and discrimination at the highest levels of government in the region. This is facilitated by the CARICOM Secretariat's access to Prime Ministers, Ministers of Health and Chief Medical Officers in the region, and achieved through the two-pronged approach of working with duty bearers at the policy level (PCU and CHRC) and with rights holders at the community level by empowering groups of affected persons to exercise their human rights (CVC and CRN+).

Two examples that illustrate the achievements on both ends of the scale are the adoption in principle of model anti-discrimination legislation by the Legal Affairs Committee of CARICOM, and the successful mobilization of sex workers in the Dominican Republic against a law to create "tolerance zones".

17. A third rationale for a multi-country approach, the work with mobile population across national borders, is relevant for the Caribbean

program but has so far not been a major focus. Some research has been done and there is an expectation that this will become a more prominent program component in the second phase of the grant.

18. The observations that follow, in particular the good practices observed that pertain specifically to the regional nature of this grant, are potentially applicable as lessons to other regional grant programs. The OIG suggests that the Global Fund Secretariat share this report with pertinent implementers.

Good Practices

What good practices were observed during this diagnostic review?

19. The OIG observed many examples of good management and program practices by the SRs and SSRs visited during the diagnostic review. The following list is not comprehensive and highlights key findings only.

- The consolidated reporting of jointly financed training activities by UWI-CHART to PEPFAR and the Global Fund is a good example of implementation of the Paris Declaration on Aid Effectiveness.
- The UWI CHLI program of a one-year curriculum of structured in-service learning is an innovative approach to building leadership in the health sector. It is one element of a spectrum of capacity-building initiatives of UWI that include a workshop approach pursued by CHART and an academic degree program in public health. The UWI has taken steps towards adapting training approaches and formats to objectives, overcoming a tendency to apply one-size-fits-all approaches to human resources capacity building.
- The work of COIN and CVC to identify and characterize sub-groups of people that are highly vulnerable to HIV infection, and to develop tailored and innovative programs to reduce their vulnerability is exemplary, as is the work with groups that have so far received little attention because their existence was not known or acknowledged (for instance injecting drug users, adolescent male sex workers, and homosexual adolescents).
- The rights-based approach applied by COIN and CVC in their work with adolescents of all sexual orientations is a promising step towards creating awareness and tolerance of sexual diversity in Caribbean society.
- The data collection form developed by COIN/CVC for outreach and peer support activities among vulnerable groups is highly appreciated by the peer activists and is a promising tool to strengthen the capacity of community-based organizations to monitor their activities.
- The results framework developed by the CHRC to guide its grant-funded activities in logical steps from input to impact is an example of conceptualization of an organizational strategy in the context of

the program and provides a basis on which performance can be assessed in relation to the achievement of objectives.

- The guidelines for the development of laboratory information management systems developed by staff of the CMLF, and in part supported by the grant, are an excellent tool to guide the development of information management systems applicable to other areas of the health sector.
- The PR undertakes rigorous quarterly financial monitoring of the Sub-Recipients. This process is well documented and SRs take action on the findings and recommendations made.

Risks

What risks did the diagnostic review team identify?

20. The main risks identified by the diagnostic review team were related to program design. The activities delivered by the SRs, SSRs and implementing partners that were visited by the team were consistently of high quality. But their fit into an overall shared program logic was not strong. Each SR was working in the silo of its own work plan, focusing on outputs without consistently creating links to the overall program goal. The two main reasons for this were (a) the geographic, social, linguistic and political realities of the Caribbean which have to be taken into consideration in a response that is based on “knowing your epidemic”, and (b) the difficulty of applying the “Global Fund model” to a regional grant. This is best illustrated by the performance framework that assessed performance on the basis of services delivered (i.e., outputs), while the sphere of influence of most grant activities was at the level of changes in the environment in which these services were delivered and changes in the expertise and capacity to deliver them. This was not easily captured in the Global Fund performance monitoring instruments and processes.

What were the risks related to program implementation?

1. Opportunity to strengthen the shared program logic

21. The cross linkages among SRs were weak and there was little attention paid to how the individual activities of SRs fit together into achieving the common goal and objectives of the grant. The OIG observed a number of examples of which two are presented for illustration:

- Example 1: The work of COIN/CVC included the sensitization of journalists to the harmful effects of discrimination and stigmatization of sexual minorities in the media. The outcome of this work was monitored and showed significant changes in reporting style and content among participating journalists. CBMP implemented a program with the objective to “utilize regional partnerships with broadcast and other media in support of campaigns aimed at youth, PLH and MARPs to support HIV prevention and stigma [reduction]”. There was no link or formal exchange of information that could have promoted the cooperation between the two SRs towards achieving the same objective with the same target group.

- Example 2: COIN/CVC supported capacity development among groups working with vulnerable populations with a major focus on strengthening the ability of these groups to monitor their activities. This has resulted in the development of tools (mentioned under good practice). The CHRC also supports the strengthening of M&E capacity in NGOs and CSOs, but there are no links on these programs between the two SRs. An exchange of information would be mutually beneficial.

22. Risk mitigation proposed: The RCM should ensure that the proposal for Phase 2 of the grant is based on a unified logical framework with explicit institutional and conceptual linkages between SRs working on common objectives.

2. Need to better link the accountability of SRs with their programmatic responsibilities

23. The programs for prevention and support among vulnerable groups of people, including those at high risk of infection and those living with HIV, comprised by far the largest budgetary component of the grant. These programs were implemented by COIN and its SRs and by CRN+ as SSR. The four output indicators of these programs tracked the number of people reached and the number of peer educators trained. These are Global Fund “top ten” indicators; the achievement of targets is a priority for implementing organizations since their achievement is linked to future funding decisions.

24. However, the mandate of a regional organization is not typically to reach people with prevention and care services. COIN’s mandate as defined in the grant proposal was to “develop model outreach programs to reach key vulnerable groups”. This involved identifying and testing new approaches and programs with previously neglected sub-groups, and strengthening the capacity of community-based organizations working with these groups, including their M&E capacity. The mandate of CRN+ was to strengthen national organizations and networks of people living with HIV and to create an effective mechanism for regional coordination among them. While CRN+ was still in the early stages of achieving these results (see Risk 3), COIN and CVC had already charted major achievements. These could not, however, be captured in terms of “number of people reached”. Instead, the orientation of the performance framework to top ten indicators has diverted resources and attention away from the main regional objective of their work.

25. Risk mitigation proposed: The performance framework should be revised to ensure it includes only indicators and targets that monitor progress towards the achievement of program objectives according to the overall program logic.

3. Scope to increase the quality of the work of CRN+ by focusing on systems strengthening and capacity building

26. At the start of implementation of the Round 9 grant, the existing CRN+ network had collapsed, in part because it struggled to perform the role of a grant-making organization under its previous Global Fund

grant.² A new network had to be built from the ground up that would no longer be seen as a donor agency for HIV support activities, but rather as a regional coordination and advocacy body for national networks. This has been a difficult task, but CRN+ appeared to be well on its way of achieving it by the end of Phase 1. Further effort is required for CRN+ to develop a strategic plan and specific strategies (e.g., for advocacy) that have buy-in from a critical mass of network members.

27. While the time and effort required to revitalize the CRN+ membership basis in 16 countries is likely underestimated (many countries do not have functioning national networks), the Phase 1 work plan also included activities such as internships of national staff at the CRN+ office and the establishment of information systems at national member networks and associations. These activities are to be implemented through an “accelerated work plan”. They are, however, not priority activities and could well be deferred to Phase 2 while the focus of the remainder of Phase 1 should remain on completing the agenda of organizational strengthening and strategic planning of the regional network.

28. Risk mitigation proposed: The Phase 1 work plan for CRN+ should be reviewed to ensure the focus is on activities to strengthen institutional capacity, the credibility and the strategic tools of the network so it can effectively operationalize its role as a regional advocate for people living with HIV in the Caribbean.

4. Scope to further improve the quality of HIV services in the OECS

29. The establishment of HIV treatment services in the countries of the OECS has been challenging because of the relatively weak health care infrastructure in these countries and the small number of patients, often not reaching a critical mass in one country that would justify the establishment of a dedicated HIV clinical and laboratory service infrastructure. Nevertheless, with support from the World Bank, CDC and HRSA, and the Global Fund Round 3 and Round 9 grants, an acceptably high standard of care has been achieved as observed by the OIG mission to several of the OECS countries.

30. An exception was observed during site visits to one OECS country where HIV care was fully in the hands of nine private practitioners who delivered it as part of their general practice. Of the 42 people on ART by the end of 2011, only 35 were reported by July 2012 (three of these newly initiated in 2012), suggesting a rate of loss to follow-up or death of almost 25%. Of the 35 people on record, 13 were late in collecting their prescriptions by between eight and 70 days; nine were on second line ART regimes, of which six were on quadruple therapy regimes. Although there may be circumstances that could explain some of these observations, they are highly suggestive of a significant scope to improve services for the initiation of ART and treatment follow-up.

31. According to OECS HAPU staff, similar weaknesses were observed in the past in Antigua and Barbuda where treatment was also in

² Kairi Consultants Ltd; Organizational and management review of CRN+, 2011

the hand of private physicians. The observation led to a change in policy, transferring the responsibility for treatment and follow-up to the public sector. The services observed by the OIG at the national hospital in Antigua were of excellent quality.

32. Risk mitigation proposed: The PR and the OECS HAPU should step up advocacy efforts with the Ministry of Health regarding the transfer of the responsibility for HIV treatment to the public sector.

5. Opportunity to ensure that the planned investment in case-based surveillance provides value for money

33. The PR has submitted a proposal to establish a case-based surveillance system for HIV in Phase 1 of the grant-funded program at a provisional budget of USD 416,000 in the OECS. Such a system, as a building block of an epidemiological surveillance system, is a worthwhile investment with major potential benefits in strengthening health systems in the region.³

34. However, the supporting documents submitted for the justification of the initiative, listed as their first rationale for establishing this system that OECS countries were not able to report on grant indicators on biological and behavioral data among most-at-risk groups.^{4,5} It is difficult to understand how case-based surveillance would significantly improve this situation since case-based surveillance does not generate information on denominators. Even in countries where case-based surveillance systems exist, as for instance in Jamaica, they do not generate information on HIV prevalence among these populations. Furthermore, a very elaborate and input-heavy system focusing on generating indicator data specifically for the Global Fund grant would have to be HIV-specific (i.e., difficult to integrate in an emerging epidemiological surveillance system). It would not be cost-effective, since it would provide information on less than 1% of the at-risk population living in the 16 countries covered by the grant, at a cost of about USD 150 for each data point.

35. Risk mitigation proposed: The PR should ensure that the terms of reference for the development of case-based surveillance in the OECS countries should prioritize the objective of developing an integrated epidemiological surveillance system for the region.

What were the risks related to Monitoring and Evaluation?

6. Opportunity to align the performance framework better to the epidemiology of HIV in the region

36. The three outcome indicators of the performance framework and two of the 13 output indicators reported the “number of countries”, giving equal weight to each country. An increase in condom use in Montserrat with a population of 5,000 was given equal weight as an increase in condom use in the Dominican Republic with a population of 10 million. If the objective of the grant is to reduce the spread of HIV and to improve

³ This is well described and illustrated in the following paper: Labastide W. and Hospedales CJ; Health Services Reform, CARICOM Perspective, 2005

⁴ Approach to the development of an HIV case-based surveillance system, October 2011

⁵ Rationale for strengthening of national HIV surveillance in the OECS utilizing HIV case-based surveillance, (undated)

the lives of people living with HIV, it should focus its activities on those places with high populations.

37. Most of the SRs were already concentrating their efforts on the larger countries in the region, but for linguistic and cultural reasons Haiti received less emphasis by some SRs. Yet Haiti accounted for more than half of the people living with HIV in the program countries. This emphasis was encouraged by the equal weighting of each country in performance monitoring reporting to the Global Fund.

38. Risk mitigation proposed: When developing the Phase 2 proposal, the RCM should ensure the introduction of appropriate weighting of indicators and targets in the performance framework to ensure that SRs prioritize their activities according to the regional epidemiology of HIV in line with the principles of “Know Your Epidemic, Know Your Response”.

What were the risks related to Procurement and Supplies Management?

7. Scope to strengthen the approach for the acquisition and use of software to manage pharmaceuticals

39. Special Condition 5 of the Round 9 grant required a report on the progress made with respect to the implementation of a Health Product Inventory Management System in the six OECS countries covered by the program. The OECS PPS has been leading the search for appropriate software applications; progress has, however, been slow. Visits were made to Puerto Rico and Belize to evaluate potential applications, and a visit to South Africa to evaluate a further promising application had been planned for late July 2012.

40. Based on information obtained during the review, and visits to four of the six OECS countries, the OIG noted that all countries were to varying degrees in the process of implementing integrated management information systems in their health sector and that some of these systems included drug management. There is a risk that a software application could be selected that is not aligned to existing needs of each particular country and is not compatible with software already in use.

41. Risk mitigation proposed: Prior to further evaluation of specific software applications for inventory management, the PPS should ensure that an assessment of each country’s needs is conducted that takes into account existing Management Information Systems and any plans for improvement. This will enable the PPS to evaluate whether potential applications meet the users’ needs and are compatible with the existing and planned software.

8. Scope to strengthen inventory control in the OECS

42. During a visit to one OECS country’s (see also Risk 4) Central Medical Store (CMS), the OIG noted that basic inventory management software was in place but was not maintained properly, and as a consequence did not contain up-to-date stock information. The software had limitations, such as the inability to maintain a record of the source and destination of drugs. In order to rectify this situation, the PPS had provided a manual stock card system to the CMS; however, this system was not yet in use.

What were the risks related to Financial Management?

43. Risk mitigation proposed: The PPS should help the CMS adequately control inventory. Possible short-term solutions include the use of bin cards and improving the use of current software.

9. Opportunity to reduce human resource costs for SRs and SSRs

44. Salary grades for different positions were not defined at SRs/SSRs and evidence of salary history was not obtained from new employees at the time of hiring. Further, in the case of three SR/SSRs (COIN, CVC, CBMP), all 22 employees working on the Global Fund-supported program were hired at a salary precisely equal to the approved budget. In the absence of any salary benchmarking or salary history for these employees, the OIG could not determine the reasonableness of salaries budgeted and paid.

45. At CVC, the OIG noted that an amount of USD 50,293 (included in the Global Fund-approved budget as “fringe benefits”) was paid to seven employees in May 2012. These benefits had not been included in their original employment contracts and were made with retrospective effect from their employment start date. Employment contracts of these employees were revised to include in their base salary an amount equivalent to the fringe benefit in the budget. This resulted in the matching of salary cost to the budget.

46. The OIG compared salaries paid at COIN to two employees working on Global Fund grants with those of employees in equivalent positions but funded by different donors. The salaries paid using the Global Fund resources was on average 86% higher.

47. The review of the payroll process at COIN and CVC highlighted that there was no process in place to allocate salary costs of shared employees among different donors. The salary cost of all 17 employees (COIN: 10, CVC: 7) funded through the Global Fund grant was charged 100% to the Global Fund grant. These organizations are funded by multiple donors and based on interviews with personnel the OIG understands that the employees in question work also on other donor funded projects and programs.

48. Risk mitigation proposed: The human resources budget for Phase 2 should be based on benchmarked salary scales for similar positions within the same or similar organizations. Fringe benefits should only be paid in accordance with local labor laws and established practices. The SRs and SSRs should allocate the salary cost of shared employees between donors on a reasonable basis.

10. Need to improve accounting controls

49. The OIG noted that access rights in the accounting software used were not consistently assigned in accordance with the roles and responsibilities of employees.

- COIN and CVC: The Finance Manager had administrator rights to the financial accounting system allowing access to record, post, modify and delete transactions and to record back-dated transactions in the books of accounts. Accounting systems were not

able to generate edit logs to identify deleted transactions. At CVC, the Accounts Assistant also had administrator rights.

- CMLF: The accounting system was installed on a shared desktop accessible to all personnel in the organization. Access was not password-restricted.

50. There were areas for improvement in the tracking and monitoring of advances.

- At CVC, all advances paid to vendors, contractors, and employees and “mini-grant” partners were recorded as expenses. No separate tracking was performed by the Finance team to monitor settlement of these advances on a timely basis.
- At COIN, a separate tracker was maintained for advances given to vendors/employees. However, on review of this tracker, the OIG noted six instances where advances had been outstanding for more than 90 days with delays ranging from 107 to 283 days.

51. Risk mitigation proposed: The SRs and SSRs should restrict access to their financial accounting systems based on employee roles and responsibilities. Advance monitoring procedures should be improved to ensure timely settlement.

11. Opportunity to reduce the costs of air travel

52. The review of air ticket bookings at CARICOM Secretariat for the period January 2011 to June 2012 highlighted that 46% of tickets were booked less than seven days prior to travel. The average cost per ticket would have been 16% lower had these tickets been booked in advance of seven days. The PR, SRs or SSRs did not have any agreements with airlines for price or volume discounts, in spite of large volumes of bookings.

53. Risk mitigation proposed: The PR should ensure that travel planning is improved and explore the possibility of obtaining price/volume discounts with airlines.

Annex 1: Abbreviations

AIDS	Acquired Immune Deficiency Syndrome
ART	Antiretroviral Therapy
CARICOM	The Caribbean Community
CBMP	Caribbean Broadcast Media Partnership on HIV/AIDS
CDC	Centers for Disease Control and Prevention
CHART	Caribbean HIV/AIDS Regional Training
CHLI	Caribbean Health Leadership Institute
CHRC	Caribbean Health Research Council
CMLF	Caribbean Med Labs Foundation
CMS	Central Medical Store
COIN	Centro de Orientación e Investigación Integral
CRN+	Caribbean Regional Network of People Living with HIV/AIDS
CRSF	Caribbean Regional Strategic Framework
CSO	Civil Society Organization
CVC	Caribbean Vulnerable Communities
EDC	Education Development Center
HAPU	HIV/AIDS Project Unit
HIV	Human Immunodeficiency Virus
HRSA	Health Resources and Services Administration
LFA	Local Fund Agent
M&E	Monitoring and Evaluation
MARP	Most-at-Risk Populations
MIS	Management Information System
NGO	Non-Governmental Organization
OECS	Organization of Eastern Caribbean States
OIG	Office of the Inspector General (Global Fund)
PACC	Priority Areas Coordinating Committee
PCU	PANCAP Coordinating Unit
PEPFAR	President's Emergency Plan for AIDS Relief
PLH	People Living with HIV
PMU	Project Management Unit
PPS	Pharmaceutical Procurement Service
PR	Principal Recipient
PSM	Procurement and Supply Management
RCM	Regional Coordinating Mechanism
SR	Sub-Recipient
SSR	Sub-Sub Recipient
UNDP	United Nations Development Programme
UWI	University of the West Indies

Diagnostic Review of Global Fund Grants to CARICOM

Annex 2: Recommendations and Action Plan

Risk	Recommendation	Global Fund Secretariat, RCM and PR Comments and Agreed Actions	Responsible Party	Due Date
Program				
1. <u>Opportunity to strengthen the shared program logic</u>	<p><u>Recommendation 1</u></p> <p>The Global Fund Secretariat should work with the RCM to ensure that the proposal for Phase 2 of the grant is based on a unified logical framework with explicit institutional and conceptual linkages between SRs working on common objectives, and provide for sufficient resources for communication among these SRs.</p>	<ol style="list-style-type: none"> RCM/PR/SRs accept need for alignment and linkages. PR/SRs to share individual SR work plans with all. PR/SRs will then identify synergies and linkages in order to create a complete and unified logical framework. PR/SRs to revise performance framework to reflect unified logical performance framework and ensure linkages among SRs and open communication channels. RCM will convene a meeting and devise processes to create/identify synergies with additional donors and partners (e.g. PSI, PEPFAR) to determine contributions to impact indicators. A donor mapping will be further elaborated. 	<p>PR and SRs</p> <p>RCM</p>	<ol style="list-style-type: none"> 1st August with additional follow up as needed. 17th August and Phase 2 Request submission. & 4. September RCM/PACC will convene a partnership coordination meeting.
2. <u>Need to better link the accountability of SRs to their programmatic responsibilities</u>	<p><u>Recommendation 2</u></p> <p>The Global Fund Secretariat should support the RCM's efforts to submit a Phase 2 proposal with a revised performance framework that includes only indicators and targets that monitor progress towards the achievement of program objectives according to the overall program logic.</p>	<ol style="list-style-type: none"> SRs/PR to review and determine the manner in which the planning of activities is conducted to determine future collaboration and linkages. SRs to share quarterly detailed work plans with each other. PR/SRs (CHRC to lead) to create a useable format for portraying activities that can be easily compared against all SRs to identify linkages and common 	PR and SRs	21 st August via virtual meeting.

Diagnostic Review of Global Fund Grants to CARICOM

		areas of intervention.		
3. <u>Scope to increase the quality of the work of CRN+ by focusing on systems strengthening and capacity building</u>	Recommendation 3 The Global Fund Secretariat should support the PR and PCU in their review of the Phase 1 work plan for CRN+ to ensure the focus is on activities to strengthen the institutional capacity, the credibility and the strategic tools of the network so it can effectively operationalize its role as a regional advocate for people living with HIV in the Caribbean.	<ol style="list-style-type: none"> 1. PCU to review and revise CRN+ Phase 1 work plan with CRN+ Secretariat and agree upon activities that will not be implemented in Phase 1. 2. PCU to determine viability of absorbing those targets via itself or another SSR. 3. PCU to collaborate with PR to obtain approval from Global Fund for those activities that cannot be implemented if any (modify performance framework). 	PR and PCU	End of August.
4. <u>Scope to further improve the quality of HIV services in the OECS</u>	Recommendation 4 The Global Fund Secretariat should support the PR and the OECS HAPU to step up their advocacy efforts with the Ministry of Health to transfer the responsibility for HIV treatment to the public sector. Private physician care against fee for service as currently delivered should be an option available to patients, but not an option supported with Global Fund grant resources.	<ol style="list-style-type: none"> 1. OECS SR - with support from PR and other SRs - will analyze the cases (2nd line, loss to follow up, etc.) to suggest to PR/RCM the most appropriate response and strategy for the respective country. 2. OECS and CHART will continue advocacy and training to the country to improve uniformity of care and treatment and reporting in order to reduce loss to follow up and postpone death. 3. New clinical guidelines for the use of ARVs have been developed (prepared through a collaborative process). 	PR, OECS (SR) and Secretariat	<ol style="list-style-type: none"> 1. Intervention week of 13th August with suggestions submitted shortly thereafter. 2. On-going beginning in August. 3. Published end of September.
5. <u>Opportunity to ensure that the planned investment in case-based surveillance provides value for money</u>	Recommendation 5 The Global Fund Secretariat should work with the PR to ensure that the terms of reference for the development of case-based surveillance in the OECS countries prioritizes the objective of developing an integrated epidemiological surveillance system for the region rather than solely generating information to report on Global Fund grant performance indicators.	<ol style="list-style-type: none"> 1. Agreed to adjust Phase 2 to ensure value for money, therefore the CBS will be the foundation for a wider number of health issues. 	OECS (SR) and PR in collaboration with PAHO	22 nd August.

Diagnostic Review of Global Fund Grants to CARICOM

	<p>Recommendation 6</p> <p>The Global Fund Secretariat should encourage the PR to specify in the terms of reference for the development of the case-based surveillance system that the work should be done in close consultation and cooperation with the CHRC, which has an overall mandate under the grant to improve regional data collection, analysis and use.</p>	<p>2. The PR will resubmit to the Global Fund: ToRs, budget, adjust timelines and justification as discussed and recommended by the OIG.</p>		
M&E				
<p>6. <u>Opportunity to align the performance framework better to the epidemiology of HIV in the region</u></p>	<p>Recommendation 7</p> <p>When developing the Phase 2 proposal, the Global Fund Secretariat should engage with the RCM regarding the introduction of an appropriate weighting of indicators and targets in the performance framework to ensure that SRs prioritize their activities according to the regional epidemiology of HIV.</p>	<p>1. These observations and recommendations will be taken into consideration when developing the performance framework for Phase 2. Appropriate weighting will be incorporated into the performance framework.</p> <p>2. RCM will make a concerted effort with partners to incorporating higher burden countries into the activities and harmonising efforts among partners in those four countries. However, it must be realised that Haiti already receives large donor funds so the multi-country grant should only focus on gaps in that funding (for example, in Phase 2, COIN plans to work with community-based NGOs in Haiti as part of the vulnerable groups activity within the scope of available resources).</p> <p>3. RCM will draw epidemiology evidence from various sources which will be fed into the Phase 2 request.</p>	<p>RCM with support from PR/SRs</p>	<p>With Phase 2 submission.</p>
PSM				
<p>7. <u>Scope to strength the</u></p>	<p>Recommendation 8</p>	<p>1. CMLF to share tools with OECS.</p>	<p>PR, OECS (SR)</p>	<p>1. Immediately</p>

Diagnostic Review of Global Fund Grants to CARICOM

<p><u>approach for the acquisition and use of software to manage pharmaceuticals</u></p>	<p>As part of the plan to facilitate the implementation of health product inventory management software in the OECS countries covered by the Round 9 grant, the Global Fund Secretariat should work with the PR and the OECS PPS to ensure that for each country:</p> <ul style="list-style-type: none"> • A needs assessment is conducted that includes an assessment of the current health information system software implementation projects that are underway; and • The business processes for the management of pharmaceuticals are documented and designed to meet the needs of the various stakeholders who depend on these processes. <p>The PPS could consider using as a reference the preliminary draft of a CMLF manual⁶ on the process for implementing software for laboratory information management systems, which captures well the best practice steps needed to ensure successful implementation. It includes guidance on how to accomplish the two steps prior to selection of the software application, namely: '1. Needs Assessment' and '2. Process Re-engineering'.</p> <p><u>Recommendation 9</u></p> <p>In light of the OIG recommendation regarding the implementation of health product inventory management software in the OECS, the Global Fund Secretariat should consider removing Special Condition 5 of the Round 9 grant</p>	<ol style="list-style-type: none"> 2. OECS to develop a plan to reflect recommendations of OIG based on CMLF tools and using lessons learnt. 3. OECS will then conduct a needs assessment in collaboration with CMLF. 4. RCM/PR will incorporate the implementation of a health inventory management system into the Phase 2 request. 	<p>and Secretariat</p>	<ol style="list-style-type: none"> 2. Prior to Phase 2 submission. 3. Prior to Phase 2 submission. 4. Phase 2 request.
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⁶ Implementing a Laboratory Information Management System: A Guideline for Caribbean Medical Laboratories; Wayne Labastide, Rev. 21, July 2012.

Diagnostic Review of Global Fund Grants to CARICOM

	agreement, and instead focus on action planning and progress monitoring in response to the OIG recommendation.			
8. <u>Scope to strengthen inventory control in the OECS</u>	<p><u>Recommendation 10</u> The Global Fund Secretariat and the PR should work with the PPS to ensure that there is adequate inventory control at all CMS in the OECS. Short-term solutions could include the use of bin cards or improving the use of currently installed software.</p>	<ol style="list-style-type: none"> 1. This information will be relayed by the PR/OECS SR to the respective MoH in a consultative process, given the sensitivity involved and action taken will be requested. 2. PR to alert issues with regard to the country to DSG CARICOM. 3. OECS to strengthen procurement and supply management systems 	PR, OECS (SR) and Secretariat	<ol style="list-style-type: none"> 1. Week of 13th August. 2. Immediately. 3. Phase 2 submission.
Financial Management				
9. <u>Opportunity to reduce human resource costs for SRs and SSRs</u>	<p><u>Recommendation 11</u> The Global Fund Secretariat should require the PR to review the human resources budgets of the SRs and SSRs for Phase 2 and ensure that the budget is prepared based on:</p> <ul style="list-style-type: none"> • Skill sets and experience required for the positions; • Average salary levels across the organization for each level; and • Benchmarking of salary cost with peer organizations in the country. <p><u>Recommendation 12</u> The Global Fund Secretariat should verify the human resources budgets of the SRs and SSRs for Phase 2 prior to approving the budget.</p> <p><u>Recommendation 13</u> The Global Fund Secretariat should work with the PR to ensure that for all SRs and SSRs:</p>	<ol style="list-style-type: none"> 1. PR will provide evidence that SRs defined salaries based on a salary grading system. 2. For all new employees, SRs/PR will request salary history of previous position to assist in determining appropriate salary and grade of new employee. 3. COIN - through PR - will provide the Global Fund with salary information to respond to risks made on the reasonableness of salaries budgeted and paid. 4. RCM/PR will provide evidence that salaries are in line with HR policies and grading. 5. For Phase 2, COIN and CVC will ensure that the allocation of salary costs of shared employees between donors will be done on a reasonable basis. 6. With regard to contracts and fringe benefits with CVC, the PR will ensure 	PR and SRs	Phase 2 submission.

Diagnostic Review of Global Fund Grants to CARICOM

	<ul style="list-style-type: none"> a) A policy is in place for allocating the payroll cost of shared employees to appropriate grants; b) The employees who will be working on multiple donor projects are identified at the beginning of the year and their salaries are allocated among the different donors based on the policy; and c) Fringe benefits are paid in accordance with the labor laws and practices of each country. 	that future payments/contracts are in line with labour laws and practices of each country and proper documentation of any changes will be kept.		
10. <u>Need to improve accounting controls</u>	<p><u>Recommendation 14</u> The Global Fund Secretariat should work with the PR to ensure that all SRs and SSRs:</p> <ul style="list-style-type: none"> a) Review access rights to their financial accounting systems and restrict access based on the job descriptions of employees. b) Track all advance payments to employees and vendors. All advance payments should be monitored on a periodic basis to ensure timely settlement. 	Efforts will be made by all SRs and SSRs to comply with this recommendation.	PR and SRs	Immediately
11. <u>Opportunity to reduce the costs of air travel</u>	<p><u>Recommendation 15</u> The Global Fund Secretariat should work with the PR to ensure that:</p> <ul style="list-style-type: none"> a) PR, SR and SSR travel planning is improved so that travel is booked in advance in order to obtain lower airfares. b) Price/volume discounts are negotiated with airlines for PR, SR and SSR travel. 	Efforts will be made by PR, all SRs and SSRs to improve planning and advance booking whenever possible.	PR and SRs	Immediately