

Our Reference: GMD/SEA/QMP/2015-26/PC/CD

Geneva, 26 February 2015

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MEA-011-G01-H: Performance Letter (Progress Review of period 1 Oct 2013 – 30 Sep 2014) and Annual Commitment and Disbursement Decision for the period 1 Oct 2014 to 30 Sep 2015

Dear Mr Phurailatpam,

This letter is to inform you that the annual commitment and disbursement decision for the grant MEA-011-G01 for the period 1 October 2014 – 30 September 2015 (plus three months buffer) in the amount of **US\$ 518,484** has been finalized and that the release of funds has been processed.

This letter also presents the conclusions of the Global Fund's review of the Progress Update for period 1 October 2013 – 30 Sep 2015. It summarises the relevant facts, findings, challenges and the corresponding actions to be undertaken by APN+ and/or the respective SRs in the next implementation period.

A. Programmatic Performance

Output indicators achievement – Period 1 Oct 2013 – 30 Sep 2014

These are the first results under the Phase II agreement. The average performance during the reporting period (one year) has exceeded expectations with an overall indicator rating of A1. The average performance for all indicators was 110%.

Only two indicators were due for reporting during this period and both indicators are not top ten indicators.

#	Active Indicator Name	Target		Result		Percentage
		Period	Value	Period	Value	
1.6	Number of policy analysis briefs developed	1-2	6	1-2	6	100%

2.1	Number of representative(s) from community based organizations (PLHIV networks) that attended the Asia Pacific Positive Treatment & Prevention Forum	1-2	69	1-2	90	120% *
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Indicator 1.6:

Six policy analysis briefs (Philippines: 1, Indonesia: 2, Nepal: 1, Pakistan: 1, and Pakistan + Philippines + APN: 1) were developed and submitted to the PR. No policy brief from Bangladesh and Vietnam has been submitted yet. The papers were of different quality. We understand that the PR plans to provide guidance to the SRs which should help develop quality policy papers in the coming periods. The PR should report the number and quality of the policy briefs developed in the next period, as well as their use. The PR shall also update the Global Fund on the status of policy analysis in Vietnam and Bangladesh

Indicator 2.1:

This activity was shifted from Phase 1. The total number of participants was 119, out of these 90 participants from 23 countries were supported by APN+ with a budget from the GF grant as well as support received from GNP+ and UNAIDS. The presentations and conference materials were satisfactorily shared with all participants.

The PR has also made progress regarding activities postponed from Phase 1:

Indicator 1.4 Phase 1: Number of "PLHIV's access to treatment, care and support services" country reports developed and disseminated. 7 country reports (6 countries + 1 regional) were developed and disseminated. Reports were developed based on the guidelines developed by experts and given to SRs by the PR. These reports are being used by the networks, national programmes and partner organizations. Intended target was achieved.

Indicator 1.5 Phase 1: "Number of community advocacy meetings organized by community based organizations". Five community meetings were organized (Bangladesh, Indonesia, Pakistan, Philippines, and Vietnam). Activity report was submitted by those countries to the PR.

B. Financial Performance

Cash outflow and cumulative expenditure:

The total cash outflow during the last reporting period (1 Oct 2013 – 30 Sep 2014), including disbursements to SRs, amounted to US\$ 488,090 against a budget of US\$ 546,130 (**89 % burn rate**). The PR burn rate is only 67% (US\$ 271,946 against budget of US\$ 408,855), whereas the SR burn rate is 157% (US\$ 216,144 against budget of US\$ 137,275).

The variance for this period of US\$ 58,040 was mainly driven by PR's in HR costs, on regional meeting of Asia Pacific positive treatment & prevention conference, Finance monitoring (US\$ 136,910). The savings in the PR's expenses are offset by over-expenditure in disbursements to SRs (US\$ 78,869), probably due to disbursements with some buffer and not monitoring the cash balances with SRs. EFR reported expenses for the year are US\$ 383,184, or 70% of the budget.

No ineligible expenses have been identified during the review.

Cash balance:

The opening cash balance as at 30 Sep 2013 was US\$ 101,781. The PR verified cash balance at the end of the reporting period (as at 30 Sep 2014) is **US\$ 396,055**. The estimated cash balance at SR level as at 30 Sep 2014 is US\$ 138,560.

C. Status of Conditions Precedent and Special Conditions

STC 1. No later than 31 March 2014, the Principle Recipient shall deliver to the Global Fund in form and substance satisfactory to the Global fund and subject to written approval of the Global Fund, the Terms of Reference for conducting impact assessment of the grant, including the evaluation questions and methodology to measure the progress towards the grant's goal (s) and objectives.

Status: met

The term of reference (ToR) for external end-term impact evaluation was submitted by the PR and approved by the GF on June 10, 2014. A comprehensive assessment was conducted by an external expert. It was based on the TORs adopted during August to September 2014 and a report was submitted on 1 October 2014. The assessment showed that the main achievement of the project has been to develop the capacity of community researchers to generate evidence on issues and barriers affecting access to treatment, and the key issues facing people living with HIV in terms of their overall health and well-being. Efforts have been initiated to bring generated evidence to the attention of the policy makers and program implementers. The study revealed several challenges facing the project and its implementers. These include the timely implementation of the grant, and the considerable support needed by national networks for community leadership development and policy advocacy in order to effectively engage with key national partners for the buy-in and ownership of the evidence generated from the project. The results of this assessment are used as a base-line for Phase II implementation (report submitted with this PUDR).

D. Performance Actions and Recommendations

In the table below we have summarized the management issues and recommendations for follow-up:

N	Description of identified issue	Performance Action / Update
Program management (including SR management)		
1	The financial management capacity of SRs is insufficient. The SRs submitted incomplete quarterly reports using different templates. Also, the reports could not be reconciled with the cash balance from the petty cash reports and the bank balance.	The PR should ensure strengthening of SR's financial management capacity. The Global Fund takes note of the plans to reinvest savings into development of financial implementation manual as well as training in SR management and financial manual as approved through the reprogramming request. The PR shall update the Global Fund on the progress made in this regard.
2	The PR is requested to share the revised program implementation manual, when available, with the Secretariat.	The Global Fund notes that the PR plans to engage a consultant to update the program implementation manual and separate financial implementation manual. The PR is requested to update the Global Fund on the expected timelines for completion.
Monitoring & evaluation		
3	Indicator 1.6 Number of policy briefs developed: It was shown that 6 policy briefs	The PR should report to GF on the results of this activity whether the guidance and the training

	were developed in the reporting period, although this reached the target number, the papers are not in consistent in terms of the depth and quality of the analysis. The PR is in the process of developing a guidance to be provided to SRs and plans to conduct training to improve the ability of SRs in conducting policy analysis.	can help country networks in conducting quality analysis. The policy briefs developed in the next reporting period should be reviewed and shared with GF.
Financial management		
4	The PR did not record all transactions in the general ledger (GL) in Q9. The PR's expenditures were provided in an Excel file, which is based on an external file rather than the accounting system. The SR disbursement transactions had been deleted by a former employee without keeping any backup. Because of this, the trial balance (Q9) wasn't available.	The PR should enter all missing transactions for Q9 in the accounting system. A back-up system should be maintained to ensure business continuity if there any incident.
5	Exchange rate has not been correctly applied by the PR. <ul style="list-style-type: none"> Opening balance; the PR used the balance forwarded from PUDR#5 without any adjustment in accounting system. Thus, it still differs from amount shown in ML of 31 March 2014. The PR report showed THB bank account and THB petty cash balances with FIFO rate. 	<ul style="list-style-type: none"> The PR shall adjust the opening and ending cash balances as per the Performance Letters that are shared with the PR by the Global Fund According to the GF's guidelines, the closing cash balance at both the SR and PR level should translated using the spot rate (Bank of Thailand) at month end. The PR should comply with these guidelines.
6	SR disbursements were under-recorded by US\$ 104, 906 during this period. The reasons for the difference are: <ul style="list-style-type: none"> An SR disbursement of US\$89,830 (based on the Q13-Q14 budget) that has already been disbursed is currently recorded as an advance to the SR. SR expenditure was under-recorded for Q9-Q12 by US\$ 15,076. High cash balance is observed with SRs. Based on our estimated the cash balance with SRs was US\$ 138,560, or equivalent to 63% of the funds disbursed to SRs. This might indicate poor monitoring of SR financial performance 	In the PUDR (Section 3A) the PR should follow cash basis accounting and record all cash outflows (payments) there. PR should monitor the financial performance of SRs and take in account SR's cash balances when making disbursements to them.
7	The SR quarterly reports submitted by the six countries (excluding Lao PDR) all use different templates and the information contained is unclear. The bank and cash reconciliations were not available, and the official cash count report was not provided. Each SR records its expenditure in its local currency in the reports. Transactions should be translated into US dollars before submitting the reports; Furthermore, the PR couldn't provide the cash balances of the SRs and it was not taken into account in the PR's forecast.	The PR's understanding of the PUDR reporting needs to be improved and the PR needs to ensure understanding of and reporting as per GF guidelines. The weaknesses in the SR's financial reporting should also be readdressed. The Global Fund has approved training in SR management manual and finance manual through the PR's reprogramming request of savings. The PR is expected to ensure improvement of SR management and update the Global Fund on the trainings as well as revision of implementation manuals (project and financial). Furthermore,

		quarterly reports should be reviewed to monitor the results for each quarter.
8	Two SR audits (Nepal and Laos) are pending.	The PR is requested to submit the two missing SR audit reports.

E. Disbursement Decision and Cash Transfer Schedule

The annual funding and disbursement decision for the period 1 October 2014 to 30 September 2015 plus 3 months buffer until 31 December 2015 amounts to **US\$ 518,484** as follows:

Approved budget Oct 2014 – Sep 2015:	723,142
Add: approved budget Oct – Dec 2015 (buffer)	147,252
Add: Commitments	58,260
Add: Carried over activities	66,821
Add: Approved reprogramming of savings	57,624
Less: Cash balance SRs	138,560
Total Forecast:	924,539
Less: Cash Balance on 30 Sep 2014	396,055
CT annual funding decision:	518,484

The full amount has been disbursed in one cash transfer.

Do not hesitate to contact us if you have any questions concerning the above mentioned points. We take this opportunity to thank APN+, the sub-recipients, the technical agencies and implementing partners for the Program's progress to date. We look forward to continue working together in the fight against HIV/AIDS.

Sincerely

Philippe Créac'h
Senior Fund Portfolio Manager

cc: Sushil Koirala, Programme Manager, APN+
Chawee Paenghom, PricewaterhouseCoopers, Thailand, LFA