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Le Fonds mondial De lutte contre le sida, la tuberculose et le paludisme

13 September 2013

Ms Hodan A. Haji-Mohamud Resident Representative United Nations Development Program (UNDP) Lotissement du Heron, lot No 52 2001 Djibouti Djibouti

Management letter: DJB-613-G05-H first annual disbursement decision

Dear Ms Haji-Mohamud

We have completed the review of the first disbursement request presented by UNDP for the period of 1 January to 31 December 2013, plus the buffer period of 1 January to 31 March 2014, submitted under grant number DJB-613-G05-H.

RECOMMENDATION FOR DISBURSEMENT

The Global Fund has reviewed the disbursement request for this grant corresponding to the implementation period from January to December 2013.

As this is the first disbursement request following shortly the grant signature, there are no programmatic results involved in the disbursement decision and the first cash transfer.

With this letter, we present you the annual disbursement decision and make the point on several issues related to the future implementation of the grant. Finally, we highlight several recommendations for the implementation period, under the form of a list of management actions.

A. STATUS OF SPECIAL CONDITIONS LINKED TO THIS GRANT AGREEMENT

We remind you that special condition B.4. is an on-going condition, with no defined deadline, which has to be fulfilled at any time.

Table 1: Conditions Precedent and/or Special Conditions	Comments
B.1. No later than 30 September 2013, the Principal Recipient shall: a. Conduct a multi-partner self-assessment workshop (the "MESST Workshop") with respect to the national monitoring and evaluation ("M&E") system (the "Assessment"), which includes participation of major stakeholders, including the Health Management Information System; and b. Provide to the Global Fund, in form and substance satisfactory to the Global Fund, (i) the findings of the Assessment and (ii) a detailed action plan to address the gaps and deficiencies identified in the Assessment.	Not due at the time of the disbursement
 B.2. No later than 31 October 2013, the Principal Recipient shall submit to the Global Fund, in form and substance satisfactory to the Global Fund, a revised national M&E plan (the "Revised M&E Plan"), reflecting: a. any modifications to the indicator framework and definitions of indicators in the performance framework; b. an updated costed workplan that incorporates the actions identified in the MESST Workshop; and c. a clear description of integration and use of key indicators in the Health Management Information System and in collecting community level data. 	Not due at the time of the disbursement
 B.3. No later than 30 November 2013, the Principal Recipient shall submit, in form and substance satisfactory to the Global Fund, a costed strengthening plan with clear timeline of the Logistic Management Information System ("LMIS") of the Principal Recipient (the "Plan"), considering, among other things, the following: a. The implementation of adequate reporting of information by health centers through the tools that have been developed; b. The strengthening of the inventory management at CAMME and Laboratoire National, including the tracking and appropriate disposal of expired drugs; c. The adequate analysis and validation of data; and d. The development of procedures to ensure the realization of each of the above steps. 	Not due at the time of the disbursement
B.4. The Principal Recipient agrees that it shall not advance any Grant funds to any Sub-recipients. The Principal Recipient shall only disburse Grant funds by paying directly to third party suppliers or by reimbursing the Sub-recipients for the provision of facilities such as storage.	In progress
B. 5. The Principal Recipient shall select Sub-recipients in accordance with its regulations and rules. Before making Grant funds available to any Sub-recipient under the Program, the Principal Recipient shall notify the Global Fund of its selection of the Sub-recipient. In the case that a Sub-recipient to be selected by the Principal Recipient is not a United Nations agency, the Global Fund may, at its election, conduct an assessment of such Sub-recipient (the "SR Assessment"). The Principal Recipient and the Global Fund shall consult on the SR Assessment recommendations and related risk mitigation measures, if any.	In progress

B. MANAGEMENT ISSUES AND RECOMMENDATIONS

We would like to trigger your attention of several points for which we request your action in the table of management actions found below:

Management actions	Proposed deadline
Management action n° 1: Please provide evidence, each in form and substance satisfactory to the Global Fund, that the Terms of Reference and the composition of the National Quantification Committee have been revised and that the quantification committee (in the form provided in the Terms of Reference, the "Quantification Committee") meets regularly.	With the next progress update
Management action n° 2: The Principal Recipient is requested to share with the Global Fund, for information and approval the Terms of Reference and detailed budget for the technical assistance.	Before spending the funds for technical assistance
Management action n° 3: The Principal Recipient is requested to notify the Global Fund of the final SR selection and share the SR Assessment(s) and risk mitigation measures.	With the next PU/DR
Management action n° 4: In view of the next progress update, the Principal Recipient is asked to provide suitable supporting documentation concerning the number of days worked and unit costs (DSA, Honoraries and plane tickets) for each professional in the pre-allocation budget and Principal Recipient staff salaries.	With the next progress update
Management action n° 5: The Principal Recipient is asked to present suitable supporting documentation to validate the costs incurred by the reallocation of the PMU in a new building to be shared with WHO. We would like to stress the fact that the equipment related to the installation of a security infrastructure and the LAN connectivity installation will be property of the Global Fund once the grant ends and proper time arrangements will have to be made to guarantee the proper reallocation of these assets.	Before spending the budget related to this activity

C. DISBURSEMENT DECISION

Based on the expenditures incurred by the Principal Recipient during the period 1 January – 30 June 2013 and on the forecasted budget for the remaining implementation period for Year 1, the Global Fund made an annual disbursement decision of USD 3,921,616.

The analysis of the decision is presented below:

(+) Country Team adjusted Budget for Year 1: 3,504,825 USD

(+)USD 3,428,873 - amount requested by PR for Year 1 of implementation

(+)USD 75,314 - adjustment to the common premises activity 7.1.10 (one time investment for Contribution LAN Connectivity and Contribution Security which the PR included in the request details but forgot to include in the total amount requested);

(-)USD 4,331 - GMS fee included in the expenditures for activity 7.1.5 Pre-Allocation Fund (the GMS fee should only be calculated once and under the activity 7.1.14-GMS);

(+)USD 4,969 corresponding to the adjustment of the 7% GMS charge due to the increase in the amount of recommended disbursement.

(+) Cash buffer for period Q 5 (1 Jan - 31 Mar 2014): 416,791 USD

This disbursement will be done in three cash transfers, as follows:

1. USD 2,894,958 - The 1st cash transfer corresponds to the adjusted budget for the period 1 January to 30 September 2013. Please see below the details of the costs included:

334,674: Incurred expenditure up to June 2013 (mainly Procurement and functional costs)

1,650,352: Total budgeted procurement costs

100,891: Nutritional support (adjusted to the remaining period in the grant life)

443,820: PR total costs

189,390: GMS

175,830: Other, e.g. SRs costs, supervision and Psycho-social support

- 2. USD 609,867-The 2nd cash transfer is based on the budget for the period 1 October to 31 December 2013 and will be initiated based on the reception of the following information:
 - The 1st Progress Update due on 15 September 2013 including detailed analysis of expenditures;
 - o The cash need: Cash balance and commitments.
- 3. USD 416,791 The 3rd cash transfer is based on the budget for Q5 and will be initiated based on verification of cash need including detailed expenditure analysis, cash balance and list of commitments and their payment schedule.

With this letter I confirm the first cash transfer of 2,894,958.

We look forward to the successful implementation of this TFM grant and thank you for your efforts in the fight against HIV and AIDS in Djibouti.

Best regards

Karima Jaouadi

Fund Portfolio Manager

Cc:V

Ms Nicole Kouassi, UNDP (Principal Recipient)

Members of CCMI Djibouti

Ms Christine Perrier, Local Fund Agent (Swiss TPH)

Dr Odile Pham-Tan, Local Fund Agent (Swiss TPH)