



Empowered lives.
Resilient nations.

Annual Progress Report - 2011

Project Title

Award ID: 00051246

Award Title: Scaling up access to HIV prevention, treatment and care

Project ID: 00063710

Source of Funds: Cost Sharing

Implementation Modality: (DIM)


Project Beginning Year: 1 January 2009

Project Ending Year: 15 July 2012

Signature

Name


Project Manager


Tatjana Ptaschuk
D.I.C.
6.4.2012

Signature

Name

Executive- Project Board


Shoko Noda
9 April 2012

Annual Progress Report

1. Overview of the Project

Provide a brief description of the project and its main intended results

Background — Since 2005 UNDP has managed a large part of Nepal's grants from the Global Fund to Fight AIDS, TB and Malaria (the Round 2 and Round 7 HIV grants). As a Principal Recipient of the Round 7 Phase 1 HIV grant (15 Nov. 2008–15 Feb. 2011) UNDP managed the establishment of new public health system sites for HIV testing, STI treatment and antiretroviral treatment (ART); trained health personnel; and procured HIV drugs and commodities for all Principal Recipients. In large part due to UNDP capacity building support, the National Centre for AIDS and STD Control (NCASC) became a Principal Recipient of Phase 2 of the Round 7 grant in 2011, taking over most tasks, except for procurement, which were carried out by UNDP under Phase 1.

Rd 7 Phase 2 — The main expected result of Phase 2 of the Round 7 grant is that UNDP procures HIV drugs and other HIV commodities for the other three Principal Recipients by:

- procuring antiretroviral (ARV) drugs and drugs for treating STIs and opportunistic infections for all NCASC-run ART centres;
- procuring HIV test kits and other supplies, including for carrying out CD4 counts, for NCASC's HIV testing and STI treatment centres;
- procuring condoms and lubricants for the Family Planning Association of Nepal's (FPAN) HIV prevention programmes for men who have sex with men (MSM) and migrants and their spouses; and
- procuring condoms and needles-syringes for Save the Children's harm reduction programme for injecting drug users (IDUs).

The other main expected results are:

- supervisory visits to ART facilities to monitor stocks of ARV drugs, storage conditions and inventory management; and
- collaborating with external development partners to develop the capacity of the Logistics Management Division (LMD) of the Ministry of Health and Population (MoHP) to procure HIV supplies.

2. Key Results in 2011

2.1 *Summarize three major results achieved in 2011, emphasizing changes in development conditions and/or people's lives. Explain how these interim results are leading towards the overall intended results of the project. Include any policy changes that the project has contributed to.*

Reporting period — Note that the achievements given here (in Section 2.1) are for the Round 7 Phase 2 grant period of 16 February to 15 November 2011. Other achievements occurred in the 1 January to 15 February in the last 1.5 months of the Round 7 Phase 1 grant, as indicated in section 3 (work plan achievements). Also, there were achievements in the 16 November to 31 December 2011 period (which falls in UNDP's next reporting period to the Global Fund), which led on from the 16 Feb.–15 Nov. 2011 achievements.

1. Procurement progress — In spite of the major constraint of only receiving the first funds from the Round 7 Phase 2 grant on 20 October (8 months after the 9 month reporting period started), the following procurement achievements were made by making alternative arrangements and by being ready to rapidly execute orders post-20 October:

- Urgently needed paediatric ARV drugs and supplies to keep CD4 count machines functioning were procured through alternative arrangements in the months before the Round 7 Phase 2 funds were received in October 2011.

- Once the funds were received most of the \$1.1 worth of procurement for HIV drugs was executed, with delivery of these drugs due in 2012 for use in NCASC's ART and VCT/STI centres.
- 94,000 needles with syringes were purchased and delivered to Save the Children's needle-syringe exchange programme.
- 5,800 packs of HIV test kits were ordered for delivery between December 2011 and March 2012 to NCASC's ART and VCT/STI centres.
- 1.8 million condoms and 202,500 sachets of lubricants were ordered for delivery to Save the Children and FPAN in February-March 2012.

2. No stock-outs in reporting and future periods — UNDP successfully managed the availability of ARV drugs in the February–November 2011 period, with no patient treatment being interrupted, and ensured future stocks (beyond 15 November 2011) due to the following interventions and in spite of receiving no Round 7 Phase 2 funds until 20 October.

- The accurate March 2010 quantification of ARV drugs and other HIV commodities and UNDP's follow-on efficient and timely procurement of the supplies under the Phase 1 grant meant that a good level of supplies were built up to cover needs throughout 2011.
- As advised by UNDP, in the second half of 2011, district supplies of ART drugs were moved between facilities with higher stocks to ones with lower stocks.
- UNDP provided a \$300,000 loan from its core funds in June 2011 that helped bridge the funding gap by enabling procurement of the most urgently needed ARV drugs and HIV commodities.
- In September 2011, the Global Fund authorized UNDP to procure essential HIV drugs and commodities locally in Nepal to meet the shortfall in the October-December 2011 period.
- The assistance provided by UNDP HQ's Procurement Support Office (Copenhagen) enabled UNDP to initiate full-scale procurement immediately after the Global Fund money came through.

2.1. Great Success

During PSM Workshop in Bangkok 8-12 Feb 2012 Nepal was appreciated for handling the potential stock-out situation and did not face stock-outs on the SDP (Service Delivery Point) level by monitoring and transferring the stocks between SDPs.

3. Single stream of funding — UNDP played a key role in the major task of merging the Global Fund Round 7 Phase 2 and Round 10 grants into a single stream of funding, as required by the Global Fund when two grants are concurrent. UNDP led the preparation of the proposal to the Global Fund and took on the procurement responsibilities for the Round 10 Phase 1 grant to ensure the procurement of supplies to 15 March 2013. This work involved numerous and often complicated revisions to work plans, budgets and performance targets.

3. Achievements against Annual Work Plan (Annual Targets & Activities)

Column 1:	Project ID: 00069710
Column 2:	<ol style="list-style-type: none"> 1. Continue supporting capacity development of the national HIV/AIDS entities particularly of NCASC (in procurement and supply chain management) 2. Procure pharmaceuticals and test kits for: <ol style="list-style-type: none"> a) 7,086 HIV patients b) 247,669 sexually transmitted infection (STI) cases c) 218,200 voluntary counselling and testing (VCT) processes, and d) 31,614 opportunistic infection (OI) cases

Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial			
			Fund	Budget Code	Budget \$	Expend. \$
Output 1: Support the capacity building of the national HIV/AIDS entities and implementation of large donor grants	Activity Result 2.1.1: Prevention - Testing & Counselling Expand access and coverage of quality HIV testing & counselling and STI diagnosis & treatment		30078	72100	-	4,760
			30078	71400	65,617	65,617
			30078	71600	8,673	12,445
Direct achievement of output: 1. UNDP has good coordination with the Logistics Management Division (LMD) of the Ministry of Health and Population through regular meetings,	Actions: i) Provide technical assistance to VCT centres on quality assurance	1 Jan–15 Feb 2011 (Rd 7 Phase 1): Continued to provide technical assistance and on-job training on quality assurance to personnel responsible for running ART and VCT sites. <i>Responsibility for this activity under Global Fund Round 7 transferred to NCASC from 16 Feb 2011.</i>	30078	72100	4,760	-
			30078	72200	-	-

Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial				
			Fund	Budget Code	Budget \$	Expend. \$	
technical trainings and joint activities. 2. UNDP committed \$100,000 to build the capacity of LMD in 2012 to enable it to manage HIV procurement under current and future HIV programmes.	ii) Provide support to 66 VCT service sites and 26 ART and 10 ART sub centres	1 Jan–15 Feb 2011: Continued to support the operational costs of 66 VCT service sites and 23 ART sites. <i>Responsibility for this activity under Global Fund Round 7 transferred to NCASC from 16 Feb 2011.</i>	30078	72300	1,824	1,824	
			30078	72400	22,248	22,248	
			30078	72500	28,485	28,485	
			30078	73100	9,874	9,874	
			30078	73400	14,861	14,861	
			30078	74200	0	0	
			30078	74500	18,163	-22,397	
			30078	75100	11,499	9,307	
			30078	71600		-3,772	
			30078	74500		-4	
			30078	75100		-264	
			30078	74500		12,993	
			Activity Result 3.3.4: ARV treatment and monitoring Strengthen health service capacity to provide quality care and treatment for people living with HIV/AIDS			30078	73400
	30078	71300				2,002	1,995
	Actions: i) Provide technical support to 10 ART sub-centres		1 Jan–15 Feb 2011: Continued to provide technical assistance and operational cost provided to 10 ART sub centres <i>Responsibility for this activity under Global Fund Round 7 transferred to NCASC from 16 Feb 2011.</i>	30078	71400	3,982	3,982
				30078	71600	11,677	3,746
	ii) Conduct 2 monitoring visits to 23 ART sites to review progress	1 Jan–15 Feb 2011 (Phase 1) several monitoring visits made. 16 Feb-31 Dec 2011 (Phase 2):		30078	72200	-5,601	5,535
				30078	72300	0	0
				30078	72400	4,717	1,397
				30078	72500	4,593	3,339
				30078	72600	0	327

Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial			
			Fund	Budget Code	Budget \$	Expend. \$
		Monitoring visits made to only 3 ART sites in due to lack of funds and personnel.	30078	73100	634	658
			30078	73200	495	-24
			30078	73400	15,750	1,888
			30078	74200	0	0
			30078	74500	1,513	1,513
			30078	75100	2,670	1,313
			30078	76100	62	0
	Activity Result 3.3.5: Treatment: Prophylaxis and Treatment		30078	71300		7
			30078	71600		2,397
			30078	72500		4,266
			30078	75100		467
	Activity Result 3.4.6: Health Systems Strengthening: Laboratory Services <i>Strengthen health service capacity to provide quality care and treatment for people living with HIV/AIDS</i>		30078	71300	4,102	4,102
			30078	71400	10,582	10,582
	Actions: i) Continue support for operation and maintenance of 10 CD4, 4 FACS Calibur and 1 PCR machines	1) 1 Jan-31 Dec: Maintenance by BD India resulted in normal operation and no malfunction of 14 CD4 machines and 1 PCR machine allowing uninterrupted ARV treatment of PLHIV Provided urgently needed supplies (reagents etc) to enable operations of CD4 count machines	30078	71600	4,191	4,191
			30078	72100	0	0
			30078	72300	-688	-914
	ii) Monitoring and technical support visits to ART & VCT sites in 35 districts by DACC	1 Jan-15 Feb 2011: Monitoring and technical support visits to 10 ART and 20 VCT sites by NCASC, DACC & UNDP 16 Feb-31 Dec: Monitoring visits	30078	72400	5,782	5,782

Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial			
			Fund	Budget Code	Budget \$	Expend. \$
		to 3 ART sites.				
iii) Provide on-going support to National Public Health Laboratory (NPHL) services strengthening at 5 regions		Procured laboratory equipment and RT-PCR kits and accessories for PCR Machine in National Public Health Laboratory	30078	72500	3,720	3,720
			30078	73100	2,908	2,908
			30078	73400	1,584	1,584
			30078	74500	2,752	2,593
			30078	75100	2,275	2,482
Activity Result 3.4.7: - Health System Strengthening: Procurement and Supply Chain Management Strengthen health service capacity to provide quality care and treatment for people living with HIV (Note: this is main focus of Round 7 Ph. 2 programme)			30078	71300	1,705	1,705
			30078	71600	5,213	155,839
			30078	72100	125,230	110,604
Actions: i) Provide support to continue effective supply chain management with regard to HIV/AIDS drugs and commodities.		Procured \$1.5 million of pharmaceuticals and health supplies as per Global Fund Rd7 Ph2 Yr3 PSM plan. See narrative above and below for the extensive work carried out for successfully overcoming the many challenges.	30078	72200	397,111	244,169
		Web based 'Price Quality Reporting' completed for 2011 received drugs and commodities	30078	72300	1,012,040	1,561,464
		Procurement supply management (PSM) tracking sheet regularly updated	30078	72400	112,964	6,621
ii) Build (refurbish) secure storage space at the		1 Jan-15 Feb 2011: Refurbishment need assessment	30078	73400	0	593

Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial			
			Fund	Budget Code	Budget \$	Expend. \$
	districts with ART sites and central store	of 12 district ART facilities and 5 regional/central ART stores completed. In 2011 this task was shifted to SSF PSM plan.				
	iii) Procure ARV, STI and OI drugs	Mid-2011: Locally procured urgently needed paediatric ARV drugs to prevent stock-outs before first Global Fund money received.	30078	74200	8,510	0
		16 Feb-15 Nov 2011: \$1.1 spent on procuring 29 types of ARV drugs and 43 types of drugs for treating opportunistic infections and STIs for delivery Jan-Mar 2012.	30078	74500	0	8,635
	iv) Procure Condom and Lubricants	Order placed for 1.8 million condoms and 200,000 lubricants for delivery Feb-Mar 2012.	30078	74700	50,000	6,533
	v) Procure HIV test kit for VCT Centres, Lab reagents for CD4 machines and RT-PCR kits for PCR Machine and Harm Reduction supplies	Procured and received 5,800 packs of HIV test kits for staggered delivery to 66 VCT Centres in Dec 2011-Mar 2012.	30078	75100	119,249	110,116
		Procured and received laboratory reagents for 10 CD4 machines and 4 FACS Calibur machines located in 13 districts.	11888	72300	0	12,920
		Procured and received RT-PCR kits and accessories for 1 PCR machine located at the National Public Health Laboratory	11888	75100	0	449
			11888	71300	0	0
			11888	71600	0	0
			11888	72100	280,845	118,038
			11888	72200	1	-9,792

Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial			
			Fund	Budget Code	Budget \$	Expend. \$
		Once first GF Rd 7 Ph 2 funds received... order placed to UNDP PSO/GPU (Copenhagen) for HIV and RT-PCR test kits, lab. reagents and harm reduction supplies (needles-syringes) for 14 months (with UNDP PSO/GPU) as per Rd 7 Ph 2 PSM Plan for Yr 3 with staggered delivery 30 Nov 2011-30 Sep 2012 (Minus expenditure = refund of purchase order raised in 2010)	11888	72300	0	-125,810
			11888	72400	0	0
	vi) Conduct supervisory visit at ART sites to review drugs stock out	1 Jan-15 Feb 2011 (Phase 1) several monitoring visits made. 16 Feb-31 Dec 2011 (Phase 2): Monitoring visits to 3 ART sites to review drug stocks (Teku Hospital, Seti Zonal Hospital Dhangadi and Taulihawa District Hospital). Visit also made to NCASC warehouse and Maternity Hospitals Kathmandu (PMTCT).	11888	74500	0	-3,083
	vii) Continue support for operation and maintenance of CD4 and PCR and FACS calibur machines	Continued support for operation and maintenance of CD4 and Calibur machines: BD India made 17 preventive and breakdown maintenance visits to 10 CD4 machines, 4 FACS Calibur machines in 12 districts (Kathmandu, Dhangadhi, Kaski, Parsa, Sunsari, Achham, Banke, Dhanusha, Doti, Chitwan,	11888	75100	0	-449

Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial			
			Fund	Budget Code	Budget \$	Expend. \$
		Rupandehi, Surkhet)				
	Activity Result 5.4.8: Health Systems Strengthening: strategic information System Building the capacity of the Government of Nepal and civil society to manage and implement HIV/AIDS activities.		30078	71300	1,238	0
	Action: i) Continue operation of database system at central and district levels	1. Database software handed over to NCASC in Jan/Feb 2011 and is operational. <i>Responsibility for this activity under Global Fund Round 7 transferred to NCASC from 16 Feb 2011.</i>	30078	71400	4,959	4,959
			30078	71600	0	0
			30078	72100	-1,220	0
			30078	72400	96	96
			30078	72500	13,682	13,762
			30078	72700	49	49
			30078	74200	113	113
			30078	74500	192	192
			30078	75100	1,423	1,514
	Activity Result 5.2.2: Health Systems Strengthening: Strengthening civil society and institutional capacity building . Provide support to implement capacity development plan for NCASC/Government of Nepal and civil society to manage and implement HIV/AIDS activities.		30078	71400	64,356	64,356
	Action: i) Provide ongoing support to 35 District AIDS	1. Nov 2008–15 Feb 2011. Operational cost, orientation and M&E support provided to 35	30078	71600	-5,644	-9,081

Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial			
			Fund	Budget Code	Budget \$	Expend. \$
	Coordination Committee (DACC)	DACCs. <i>Responsibility for this activity under Global Fund Round 7 transferred to NCASC from 16 Feb 2011.</i>	30078	72100	-1,493	-1,493
	ii) Organize 2 Annual Regional Review Meetings of DACC	<i>Responsibility for this activity under Global Fund Round 7 transferred to NCASC from 16 Feb 2011.</i>	30078	72400	13,312	13,312
			30078	72500	19,065	19,065
			30078	73100	8,481	8,701
			30078	73200	-119	-119
			30078	73400	-7,216	-8,216
			30078	74500	-138,993	-131,447
			30078	75100	-3,142	-3,144
	Project Management Costs 5.2.9		30078	63100	5,218	5,218
	i) Participation in international GFATM meeting/workshops	1. Regional GFATM meeting attended by 2 PMU staff and 1 NCASC finance staff	30078	71300	-1,575	-1,575
		2. Two UNDP and 2 MoHP-LMD staff participated in Global Fund procurement workshop in Khartoum, Sudan, 12-15 June 2011.	30078	71400	23,802	19,962
	ii) 2 Procurement staff recruited as per work plan	1. Pharmaceuticals and Health Product Officer joined PMU on 1 Dec 2011. Recruitment of international UNV as sufficiently qualified candidate was not found through advertisement in Nepal.	30078	71500	0	2,590
		2. Procurement Associate started working with UNDP PMU 3 November 2011.	30078	71600	14,729	85,237
	iii) Conduct MoHP, NCASC, DoHS and HSCB Audit of	1. Completed audit of NCASC & HSCB Global Fund Rd 7 Ph 1 in	30078	72100	35,377	35,437
			30078	72200	613	613
			30078	72400	5,989	5,008

Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial			
			Fund	Budget Code	Budget \$	Expend. \$
	2010	mid-2011.	30078	72500	2,119	1,965
			30078	72800	481	481
			30078	73100	4,424	11,735
			30078	73400	3,098	1,098
			30078	74200	2,888	4,560
			30078	74500	9,291	-24,462
			30078	75100	6,933	5,101
			30078	76100	0	55
			11888	71600		-2,890
			11888	71400	9,800	0
			11888	71600	4,000	-2,523
			11888	72400	0	12
			11888	74200	0	0
			11888	74500	0	-5,086
			11888	75100	0	-1,639
			11888	76100	3,655	-55
	TOTAL				2,478,555	2,553,172

4. Cross Cutting Issues

Gender Equality, Women's Empowerment, and Social Inclusion

4.1 Describe results achieved by the project in promoting gender equality, women's empowerment and social inclusion. Please highlight gender results achieved which has resulted in change in gender equality and status of women in particular. Please provide quantitative data wherever possible.

1. UNDP-managed procurement has enabled the present and future supplies of antiretroviral drugs for the public health system. 2,798 (44%) of the 6,345 patients on antiretroviral treatment at these centres are females.
2. UNDP ordered 1.8 million condoms and 202,500 sachets of lubricants for FPAN's HIV prevention programme for men who have sex with men, migrants and the spouses of migrants for delivery in early 2012.

Note: There is no special focus on gender equality, women's empowerment and social inclusion in this project.

South-South Cooperation

4.2 Has the project/UNDP supported Nepal in drawing on expertise and experiences from other developing countries or sharing its expertise and experiences with another develop country/countries? Please indicate details.

UNDP expertise from Belarus (as part of the August–September 2011 mission) enabled the initial quantification of HIV drug and other commodity needs for the first 12 months of Round 7 Phase 2 in readiness for procurement to proceed immediately once the first Round 7 Phase 2 funds were received on 20 October 2011. Another Belarus procurement expert joined UNDP Nepal on 1 December 2011 as Pharmaceuticals and Health Product Officer.

4.3 Are specific models of practices from other developing country/countries being adopted by Nepal or is Nepal promoting its model/practices in other developing country/countries with the support of the project/UNDP? Please specify.

Nothing to report.

Capacity Development

4.4 Has the project contributed specifically to improving the performance of institutions and systems through strategic (comprehensive or targeted) capacity development interventions? If so explain the systems, describe who and what, indicating the category of institution that were the main focus of your efforts?

1. LMD — In 2011 UNDP committed \$100,000 to build the capacity of LMD to enable it to manage HIV procurement under future Global Fund HIV grants and the National Health Sector Programme 2 (NHSP 2). A plan is being developed for this activity.

2. International missions — Two international missions worked with local counterparts to strengthen the system for HIV drug supply and treatment. The August–September 2011 visit of a Unicef HQ (Copenhagen) supply chain specialist and a UNDP Belarus procurement specialist identified the too numerous ARV treatment regimens followed in Nepal and shortcomings in supply chain management as inputs for strengthening the supply chain system. The October 2011 mission from procurement experts from UNDP HQ's Global Fund Partnership Unit from Geneva, New York, and Copenhagen assisted UNDP Nepal staff to go ahead with large scale procurement.

3. NCASC— NCASC managed to handle the potential stock-out situation and did not face stock-outs on the SDP (Service Delivery Point) level by monitoring and transferring the stocks between SDPs. **(The experience was appreciated as best practice for critical situations during the PSM Workshop in Bangkok 8-12 Feb 2012).** NCASC' highly appreciated performance is considered as a result of continuous external development partners' (including GFATM and UNDP) support for the NCASC capacity development.

5. Implementation Challenges

5.1 Describe any implementation challenges you have faced during the implantation of the project in 2011, as well as your responses.

1. Late fund release — The major challenge was the late release of funds, which resulted from the late signing of the grant agreement (1 year and 1 month after submission of the application). This meant that the first Round 7 Phase 2 funds were only received on 20 October 2011, 8 months after the grant period started. Although it commonly takes about 6 months between grant submission and agreement, the considerably longer time taken in this case could not have been foreseen.

In response:

- UNDP provided a \$300,000 loan in June 2011 that helped bridge the funding gap to allow the procurement of urgently needed ARV drugs and supplies for CD4 machines;
- as recommended by UNDP, district level supplies were shuffled between facilities with higher stocks to ones with lower stocks;
- UNDP Nepal secured Global Fund permission for procuring some supplies locally; and
- UNDP Nepal, with assistance from UNDP, HQ carried out extensive preparatory work that enabled full-scale procurement to go ahead once funds were received in October.

2. Lack of personnel — UNDP Nepal lost three experienced procurement personnel in the December 2010 to March 2011 period and suitable replacements could not be identified in Nepal.

- In response UNDP HQ was requested to assist and sent two missions to Nepal with procurement experts that provided invaluable assistance to make preparations for and carry out procurement once Phase 2 funds were received.

3. Merging the two grants— The merging of the Round 7 Phase 2 and Round 10 grants into a single stream of funding caused much extra work for UNDP as work plans, budgets and performance frameworks had to be revised on numerous occasions.

- In response UNDP carried out the many necessary revisions efficiently and in a relatively short period of time.

4. Transfer to LMD— Under the Round 7 Phase 2 HIV grant procurement responsibilities are to be transferred to the Logistics Management Division on 16 July 2012. To enable this UNDP is tasked with procuring drugs to cover the period to 15 March 2013, eight months after UNDP ceases being Principal Recipient (in July 2012). This will provide a safety buffer of supplies after responsibilities are transferred. A major issue here is that LMD lacks experience and expertise in procuring HIV drugs and commodities and that no funds were assigned in the Round 7 Phase 2 or Round 10 grants for building the capacity of LMD.

- In response UNDP made \$100,000 available from its core funds for building the capacity of LMD in 2012.

5.2 Update the Risk and Issues Logs in the templates provided below. The updated risk and issue logs should follow the same format as in the QPRs.

Risk Log Matrix

#	Description	Category	Impact & Probability	Countermeasures / Management response	Owner	Author	Date Identified	Last Update	Status
1	Frequent changes in government represented the principal challenge to the program (4 Health Ministers in 4 months).	Organizational	Hamper in smooth implementation of project activities thus leading to delay and under achievement of set target	Project technical brief prepared and orientation provided to the newly deputed staff as required	Project Manager	M&E Officer	15/11/2009	5/30/2011	Dr. Ramesh Kharel appointed as new NCASC Director in May 2011. Dr. Kharel is familiar with GFATM programme and with UNDP as he previously worked as deputy director
2	Occasional strikes, transport closures on highways in the Terai areas of the country and other parts including the central region have not so hampered the smooth drug supply. Assessments of VCT/ ART sites under NCASC responsibility as of 16 Feb 2011.	Environmental	Frequent strikes and transport closure may disrupt timely implementation of planned programme activities at the regional, district and community level. It also affects the timely supply and resupply of drugs and commodities at the service delivery points. The programme may suffer due to lack of monitoring visit and necessary technical assistance.	Alternative plans/ options sought for and prepared to respond to such situation				15/3/2011	Less strikes and transport closures than last year meant that drug and commodity supplies not hampered.

Issue Log Matrix

ID	Type	Date Identified	Description and Comments	Status	Status Change Date	Author
00063710	other	1/7/2011	More coordinating efforts required due to multiple PRs and programme design of Rd 7 Phase 2 and SSF	Regular PR meetings & interactions on M&E (recording, reporting forms, PF, PUDR), budget, work plan & PSM for completion of Rd 7 Phase 2 and SSF documents.	29/11/2011	Project Manager
		1/7/2011	Delay in signing GFATM Rd 7 Ph 2 grant agreement	Grant agreement signed 1 year & 1 month late (29 Sep 2011). \$300,000 loan provided by UNDP on 9 June for emergency procurement.	12/9/2011	
		15/07/2011	Transitioning the program activities under the Grant to MoHP (LMD+NCASC)	Logistic Task Force meetings held every month in NCASC.	29/11/2011	
		15/08/2011	Assets hand over to GoN (Operational closure of Rd 7 phase 1)	As of 30 Jan 2012 all parties have signed handover of \$465,937 of assets to NCASC and \$70,758 of assets to HSCB. Remaining agreement is needed from Ministry of Finance.	29/11/2011	

6. Lessons learned and next steps

6.1 Describe the main lessons learnt that can be drawn from the year's experiences. Please mention any "best" or "worst" practices which UNDP should be aware of. Please be specific and focus on 2011.

1. Indicators — 3 of the 7 programme indicators and their targets are for the delivery of services (harm reduction to IDUs, HIV tests and ART to people living with HIV [PLHIV]) by other Principal Recipients, which are therefore not under the control of UNDP. The lesson learned is that indicators and targets should be aspects of the programme that Principal Recipients are directly responsible for. In this case the indicators should have been measures of the procurement of HIV supplies.

2. Delay in fund release —

- Another lesson was that it can take up to one year and one month between submission of the application and a Global Fund grant agreement being signed, and eight months between the start of a Global Fund grant period and the receipt of funds. The progress made by the programme in spite of this delay showed that an international organization such as UNDP is well placed, with the experience and financial and backup human resources, to fill the gap.
- With the planned transfer of UNDP's procurement work to the government agency LMD, and the fact that 50% of the Government of Nepal's budget for the health response from external development partners was not spent in 2010/11, the lesson for the government here is that it may well need to cover such delays in the future by temporarily diverting funding from other budget lines. This will however have implications for fiduciary risk, which external development partners are very wary about.

6.2 For projects continuing in 2012, describe priority actions for the following year to overcome any constraints, build on achievements and partnerships, and use the lessons learnt during the previous year. In particular, please make clear recommendations for any required corrective action, for review by the project board.

LMD capacity development — A major focus in 2012 must be to build the capacity of LMD to take over as procurement Principal Recipient from July 2012. UNDP has dedicated \$100,000 for this work.

7. Implementation Status of DIX or NIX Audit Action Plan (if applicable)

Update the implementation status against each audit/ spot check recommendations for 2011 in the table below

Obs No	Audit Observation	Audit Recommendation	Risk Severity	Action Planned	Target Impementation Date	Person Responsible	Status