Investing in our future
The Global Fund
To Fight AIDS, Tuberculosis and Malaria

Progress Update/Disbursement Request (PU/DR) forms:

Training slide library

Master Set 17/03/2011

Performance Team, PIE Unit

PIE/Finance Joint Training:
Progress Update/Disbursement Request (PU/DR) forms

Agenda
17 March 2011
2.30 – 5.30 p.m.

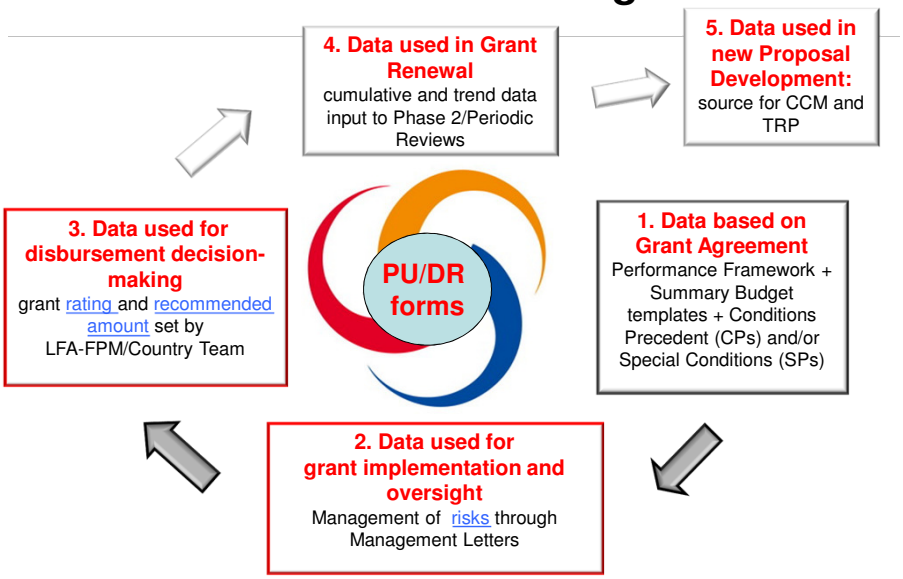
- Training approach and resources (5 mins)
- Overview of new PU/DR forms, including programmatic and finance sections, Q&A (1hr 10 mins)
- Short break (5 mins).
- Interactive discussion: use of the forms and key issues relevant to daily work of Finance Officers. (1hr 40 mins).

Slide 2

Principal Role of PU/DR forms

- Performance based funding lies at the heart of the Global Fund's business model. Under this model, disbursement of grant funds is subject to verification and checks of both financial and programmatic information presented by the PR.
- Every year the Global Fund makes over 1,000 disbursement decisions, based on specific programmatic and financial information, gathered through Progress Update/ Disbursement Request (PU/DR) forms.
- The PU/DR forms are the most used in the Global Fund. Their principal function is to manage risks, set a grant rating and set a recommended disbursement amount.
- They are the cornerstone of Performance Based Funding, helping to ensure funds are effectively and efficiently used for delivery of life saving services.

PU/DR forms and Grant Management



Structure and contents of revised PU/DR

Evaluation of performance → → *Setting disbursement amount*

1. Programmatic Progress
2. Grant Management
3. Total PR Cash Outflow
4. Procurement and Supply Management
5. Cash Reconciliation /DR
6. Overall Performance
7. Cash Request/ Final DR

Enhanced Financial Reporting (annual)

Findings and Recommendations

- Excel workbook in two chapters: 'PR pages' + 'LFA pages'.
- Seven sections corresponding to each chapter :

PR tabs — Checklist — LFA tabs

- LFA chapter has additional pages including 'Findings and Recommendations', which summarizes key management issues, prior to setting a grant rating, disbursement range and amount.

Main modifications to revised forms

New fields in the revised PU/DR forms are colored yellow in training screen shots

Usability:

- Distinct sections on M&E (programmatic), Finance, PSM, Grant Management, Overall Performance, and LFA Findings and Recommendations.
- Consolidation of status of Conditions Precedent/Special Conditions, Management Actions and other reporting requirements into one section (Section 2).
- Form and guidelines in English, French, Russian, Spanish.

Contents:

- Dedicated section on Procurement and Supply Management (PSM).
- Extension of Secretariat's grant rating methodology to LFAs (defines the grant rating and links this to recommended disbursement amount).
- Integration of Enhanced Financial Reporting forms (once a year).
- New Annex on sub-recipient (SR) financial information, for discretionary use with high-risk grants and/or where SRs receive a substantial proportion of funds.
- Comprehensive guidelines for PR/LFAs based on current policies and reporting requirements.

Rollout plan

- Phased Rollout:
  - Optional submission of PU/DRs in new format for reporting periods ending before 30 June 2011;
  - Mandatory submission of PU/DRs in new format for the period ending 30th June 2011, onwards.
  - Timing of transition is to be agreed by FPMs in consultation with PRs.
- Training sessions on revised PU/DR for PRs/LFAs to be included in agendas of regional meetings or similar events. Training slide set available on GF website.

Documents required to complete PU/DR

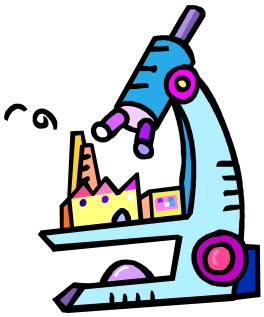
- The Grant Agreement:
  - Most recent performance framework
  - Summary budget
  - Conditions Precedent (CPs) and/or Special Conditions
- Management and/or Implementation Letters
- Approved M&E and PSM Plans
- Work Plan and detailed budget.

Additional documents are attached to the completed PU/DR forms.

See yellow document checklist tab:

Checklist

LFA verification of PR reporting



- LFA verification of PR reporting must be tailored to grant risks, based on country-specific information and risk management requirements set by the Country Team.
- The approach includes consideration of:
  - PR/SR organization, operating characteristics, accounting and control systems.
  - the nature of program assets, liabilities and expenditures.
  - the type of program activities financed by the Global Fund, and the inherent risks involved.
  - the role of SRs and SSRs in program implementation, and PR systems for management and oversight.
  - knowledge from prior verification work.

LFA Level of Effort

- In general, the revised PU/DR forms may require some additional level of effort (LoE) on the part of LFAs. This will also depend on:
  - quality of the PR's existing reporting systems;
  - level of systematization of previous LFA verification work;
  - whether the PU/DR includes EFR (required once a year).
- In addition, LFA verification work involved in PU/DR reporting, can differ from one reporting period to another, depending on current risks and operational requirements.

LFA Purchase Orders for 2011:

- Intention is to keep 2011 PU/DR costs (Purchase Orders) the same as 2010 costs, initially;
- Any additional work required to complete revised PU/DR forms in 2011 is to be agreed between the FPM and LFA on a grant-by-grant basis;
- Review of EFRs currently quoted for separately, using separate Purchase Orders.

Completing the PU/DR forms, section by section

Section 1:
Programmatic Progress_1A & 1B-C
Overview

1 Programmatic Progress

- Covers reporting for Impact/Outcome (1A) and Output (1B) Indicators, in accordance with the Performance Framework. Note: *only* Impact/Outcome indicators *due for reporting during the period*, or outstanding from previous periods should be listed (tab 1A). In contrast, *all* Output indicators should be listed (tab 1B).
- Key data on baselines and targets taken from most recent, approved Performance Framework.
- Includes updates on data collection, actual results, and comments on variance between intended targets and results.
- Results reported by PR and (in corresponding LFA tabs) verified by the LFA.
- 1 C contains analysis of data quality and reporting issues, specific to reporting on programmatic indicators, not previously covered in 1 A or 1B.
- *Refer to detailed PU/DR guidelines Section 1, pp. 6-10.*

PR_Programmatic Progress_1B

Inputting tips

Top ten indicators are listed in Annex 2a

B. Programmatic Indicators

Objve No.	Indicator No.	Indicator Description	Tied To	Targets cumulative ?	Top 10 ?	Baseline		Intended Target to date	Actual Result to date	% achievement	Reasons for programmatic deviation
						Value	Year				

these values should correspond to values in the Performance Framework

Calculated as actual result/intended target expressed as a percentage

X %

This may be re-calculated in the LFA sheet, based on verified results

Slide 13

PR_Programmatic Progress_1B

Completed example

B. Programmatic Indicators

Objective No.	Indicator No.	Indicator Description	Tied To	Targets cumulative?	Top 10 ?	Baseline (if applicable)		Intended Target to date	Actual Result to date	% achieve-ment	Reasons for programmatic deviation from intended target and deviations from the related workplan activities
						Value	Year				
3	1	Number of social market condoms distributed in the City of La Cuidana and in 18 surrounding municipalities	Current grant	Y-over RCC term	Yes	338,64480	2008	1,447,000	1,424,864	98%	The target is met. A total of 1,195,172 condoms were supplied from the central storage facility to the City of Cuidana and municipalities in this quarter, totaling 1,424,864. There are 1,244,800 units still to be sold under social marketing, out of 2,669,664 condoms that have been received to date. Out of this total, 245,271 units have been sold.

Calculated in this example as actual result reported by PR/intended target x 100 = 98.4%

Slide 14

LFA_Programmatic Progress_1B

Completed example

B. Programmatic Indicators											
Objec No.	Indica tor No.	Indicator Description	Tied to	Targets cumulative ?	Top 10 ?	Intended Target to date (from PF)	Actual Result to date (reported by PR)	Verific ation Metho d	Verified Result	% achieve ment	LFA analysis on progress to date and any variance between targets and results, and any other comments
3	1	Number of social market condoms distributed in the City of La Cuidana and in 18 surrounding municipalties	Current grant	Y-over RCC term	Yes - Top 10	1,447,000	1,424,864	PR On-site Visit	759,584	52%	The difference between result reported by the PR and verified result is due to condoms distributed using Round 6 grant funds. A total of 665,280 condoms have been adjusted in the results for this RCC grant, as these were 'borrowed' from Round 6. The condoms reported are those distributed from central warehouse to provincial warehouses.

Slide 15

Rating of Programmatic Indicators

- Transparent, quantitative methodology for evaluating grant performance.
- The Indicator Rating is closely linked to the Indicative Disbursement Range, used in setting a final disbursement amount.
- Involves a 3-step approach to calculating a consolidated indicator rating, based on % achievement of targets:

1. Calculate % of target reached for each indicator
2. Calculate mean % achievement for 'All Indicators' and 'Top 10 Indicators'
3. Generate a consolidated quantitative indicator rating

- Consolidated indicator ratings include:

A1	A2	B1	B2	C
Exceeding expectations	Meeting expectations	Moderate	Inadequate but potential demonstrated	Unacceptable
>100%	100-90%	60-89%	30-59%	<30%

- This is a starting point only for deriving an overall grant rating (see PU/DR Section 6), which takes into account management and other qualitative issues.

Slide 16

Indicative Disbursement Ranges

- The principle of Performance-Based Funding links grant performance (overall grant rating) to funds disbursed (indicative disbursement range).
- Higher performing grants are eligible for higher disbursements, and vice versa.
- Like the Indicator Rating, the Disbursement Range is indicative. Final disbursement amounts may lie outside the indicative range due to a number of factors identified by the Country Team.

INDICATIVE DISBURSEMENT RANGES		
Overall Grant Rating		**Cumulative Disbursed Amount** (after the disbursement)
A1	Exceeding expectations	Above 95% of cumulative budget through next reporting period
A2	Meeting expectations	Between 105-85% of cumulative budget through next reporting period
B1	Adequate	Between 55-95% of cumulative budget through the reporting period
B2	Inadequate but potential demonstrated	Between 25-65% of cumulative budget through the reporting period
C	Unacceptable	Below 35% of cumulative budget through the reporting period

Section 2: Grant Management

Overview

2 Grant Management

- Summarizes progress on all conditions precedent (CPs), special conditions, management actions and other Global Fund requirements, due to be fulfilled. Some special conditions may apply to a milestone in the grant, e.g. a specified date, or throughout the grant term.
- Comprises PR [LFA comments] on:
  - **2A** fulfillment of CPs and/or special conditions *under the grant agreement or subsequent implementation letters*;
  - **2B** progress on implementation of outstanding management actions *from previous disbursements*;
  - **2C** annual grant reporting requirements. Once a year, Enhanced Financial Reporting is required, and is integrated into the PU/DR. See Section 3B below.
- All CPs and special conditions are expected to be met within specified timelines, before further disbursements can be authorized. Their fulfillment also affects the overall grant rating, in line with step 2 of the grant rating methodology (ref. Annex 2)

Section 3A: Total PR Cash Outflow

Overview

3

Total PR Cash Outflow

- Update on PR's actual expenditure against budget, for the period covered by the progress update, and cumulatively from beginning of grant.
- Financial data disaggregated by:
  - PR's total expenditures;
  - disbursements to sub-recipients (but not SR expenditures!);
  - medicines and pharmaceutical products;
  - health products and health equipment.
- Explanations of variances between actual expenditure against budget. Explanations of variances (and those in the EFR) are crucial in disbursement decision-making.
- The PR should provide a cash flow statement, the Statement of Sources and Uses of Funds (SSUF), along with the PU/DR.
- The SSUF should reconcile with figures reported in this section, and section 5A_Cash Reconciliation.

Section 3A: Total PR Cash Outflow

Inputting tips

- Actual expenditures reported on a cash basis i.e. based on timing of cash inflow/outflow, regardless of when goods or services are received/delivered.
- Expenditures are those incurred *during the current reporting period* and *cumulatively* since the beginning of the program.
- Eligible expenditures include those incurred *during the grant term*, in line with the grant agreement, approved budget, procurement and supply management (PSM) plan, M&E plan, and grant closure plan, or as otherwise agreed in writing by the Global Fund.
- Actual expenditures to be in grant currency (USD or Euro, stated in Section 1A).
- *refer to PU/DR guidelines, pp.12-18, for general comments on financial reporting to the Global Fund, and detailed guidance on completion of Section 3A.*

PR_Total PR Cash Outflow_3A

PR Inputting tips

Please select currency used under tab PR_Programmatic Progress _1A	Budget for Reporting Period	Actual Cash Outflow for Reporting Period	Variance	Reason for Variance	Cumulative Budget through period of Progress Update	Cumulative Actual Cash Outflow through period of Progress Update	Variance	Reason for Variance
1. Total PR cash outflow vs. budget	0	**0**	0		**0**	0	0	
1a. PR's total expenditures			0					
1b. Disburse recipie								
	Period*	Reporting Period	Variance	Reason for Variance	through period of Progress Update	through period of Progress Update	Variance	Reason for Variance
2. Total pharmaceutical & health product expenditures vs. budget	0	0	0		0	0	0	
2a. Medicines and pharmaceutical prod								
2b. Health produ health equipment								

corresponds to the approved budget amount for the relevant period, as per grant agreement or implementation letter

Cumulative amounts should reflect amounts from the beginning of the program, or RCC, or consolidated grant, to the end of the current reporting period…

Based on payments to suppliers. Include any direct payments made by the GF to suppliers on behalf of the PR (including Voluntary Pooled Procurement - VPP)

'0' fields in grey are automatically calculated based on inputs rows 1a. 1b. 2a. and 2b …

Section 3B: Enhanced Financial Reporting

Data Inputting Tips

- For detailed guidance on completing the EFR form/template: http://www.theglobalfund.org/documents/lfa/VerificationOfImplementation/GuidelinesForCompletingTheEFR.pdf
- PR/LFA should remove the disease specific EFR tabs which are irrelevant to the grant undergoing reporting.
- The LFA should input its review of the EFR form, under tab LFA_EFR Review_3B.
- The EFR Review is a simple verification of the process, assumptions and supporting documentation used by the PR to complete the EFR, and explanations on variances.

EFR_[*disease*]_Financial data_3B

Values in Total PR Cash Outflow, to be consistent with EFR tab

Please select currency used under tab PR_Programmatic Progress _1A	Budget for Reporting Period	Actual Cash Outflow for Reporting Period	Variance	Reason for Variance	Cumulative Budget through period of Progress Update	Cumulative Actual Cash Outflow through period of Progress Update	Variance	Reason for Variance
1. Total PR cash outflow vs. budget	0	0			0	0	0	
1a. PR's total expenditures							0	
1b. Disbursements to sub-recipients							0	

Must equal value in cell I 30 in EFR form

Must equal value in cell E75 in EFR form

	Budget for Reporting Period*	Actual Cash Outflow for Reporting Period	Variance	Reason for Variance	Cumulative Budget through period of Progress Update	Cumulative Actual Cash Outflow through period of Progress Update	Variance	Reason for Variance
2. Total pharmaceutical & health product ex vs. budget					0	0	0	
2a. Medicines and pharmaceutical products							0	
2b. Health products and health equipment							0	

Must equal values in cells I & J 21 respectively

Must equal values in cells I & J 20 respectively

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Section 4: Procurement and Supply Management (PSM)

4 Procurement and Supply Management

Overview

- This section covers verified information on products *actually received* by the PR (during the reporting period and cumulatively) vs. value as stated by the PR in the Global Fund's online *Price and Quality Reporting (PQR) system*.
- Update of information held in the PQR system, by the PR, is a pre-requisite for any disbursement decision. The PR is ultimately responsible for the accuracy and completeness of data entered.
- This section also includes a brief update on risks of stock-outs at central level, and challenges and other issues related to PSM of pharmaceuticals and health products.
- From January 2011, the LFA is expected to verify completeness of data held in the PQR, and to comment on variances found between the values of actual receipts, against those reported by the PR in the PQR.
- *refer to detailed PU/DR guidelines pp. 19-22.*

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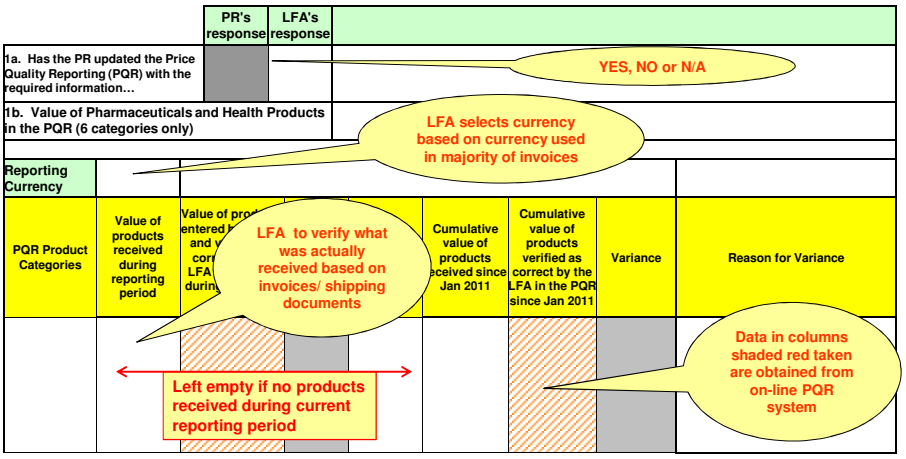
LFA_Procurement Info_4

Inputting tips



LFA Findings and Recommendations

Overview

LFA Only

Findings and Recommendations

- This section documents issues and recommendations in five key functional/management areas:
  1. program management (including management of SRs);
  2. financial management and systems;
  3. monitoring and evaluation;
  4. pharmaceutical and health product management;
  5. other management issues, such as PR capacity to generate quality reports.
- In assigning the overall grant rating, the LFA and FPM should take into account key issues in any of these functional areas (ref. Step 2 of Grant Rating Methodology, PU/DR guidelines Annex 2).
- The FPM/Country Team will carefully consider, and comment on, LFA recommendations in the final column of this form.
- Frequently occurring issues arising in each functional area, are listed in the PU/DR guidelines, pages 33-35.

LFA_Findings&Recommendations

Inputting tips

Functional Areas	Description of Identified Issues (in order of importance)	LFA Recommendations (in order of importance)	FPM Comments (to be completed upon receipt of the LFA-verified form)
Pharmaceutical & health product management			

Drop-down pick-list reflects five functional areas, as per previous slide.

Recommendations should be relevant, specific and actionable by the PR within a reasonable timeframe.

In grants with a major procurement component, absence of tracking systems for pharmaceuticals and health products should be identified as an important management issue

Section 5A: Cash reconciliation

5a

Cash Reconciliation

Overview

- Provides information on changes in the PR's cash position. It takes into account cash disbursed to the PR, or payments made to third parties by the Global Fund on the PR's behalf, other income received and net exchange rate gains or losses during the reporting period, as well as PR expenditures and disbursements to SRs.
- Cash balances should cover all grant funds held by the PR, or on behalf of the PR, in all bank accounts owned and/or used by the PR, regardless of the currency denomination and physical bank location. This should include any grant funds held with fiduciary agents.
- The PR must also submit a Statement of Sources and Uses of Funds (SSUFs), linked to Sections 3 and 5.
- *Refer to detailed PU/DR guidelines pp. 22-25.*

LFA_Cash Reconciliation_5A

Inputting tips

A. LFA-VERIFIED CASH RECONCILIATION FOR PERIOD COVERED BY PROGRESS UPDATE

	PR-reported amounts	LFA-verified amounts	LFA Comment	m those
1. Cash Balance: Beginning of period covered by Progress Update				
2. Cash received by the PR from the Global Fund				
3. Cash disbursed to third parties by the Global Fund on behalf of the PR				
4. Interest received on bank account				
5. Revenue from income-generating activities				
6. Other income, if applicable (e.g. income from disposal of fixed assets, tax refunds)				
7. Total PR cash outflow				
8. Net exchange rate gains/losses				
9. Reconciliation adjustments				
10. Cash Balance:				

Add:

Less:

Corresponds to actual amount disbursed by the GF. Any associated bank fees are NOT deducted at this stage. If GF disbursement is received *after the end date of reporting period*, enter this in Section 5B line 5 *as 'cash in transit'*

Gains shown with minus sign, losses shown with plus. It is recommended funds be held in grant currency up to point of utilization, where local currency is devaluing.

usually exceptional, such as bank errors

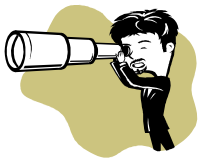
Section 5B: Disbursement Request

Overview

5b

Disbursement Request

- The disbursement request is based on forecasted expenditure for the period immediately following the progress update (+ extra 'cash buffer' period) considering budget absorption to date, and forecasted programmatic performance.
- When forecasting expenditures, the PR should take into account cash balances, previous SR budget absorption and programmatic performance.
- Significant variances between the initial budget and forecasted expenditure should be explained.
- The PR's disbursement request is automatically adjusted taking into account the PR's cash balance and 'cash in transit'.
- Additional buffer can be requested by the PR if the next PU/DR report is due to include an EFR, or Annex on SR financials, or any other GF requirement which cannot be delivered within 45 days.
- *Refer to detailed PU/DR guidelines pp. 25-27.*



LFA_Disbursement Recommend_5B

Inputting tips

B. LFA-RECOMMENDED DISBURSEMENT AMOUNT AND EXPLANATIONS

1. Period beginning date: 1-Apr-2010 | end date: 30-Sep-2010 | Approved budget amount (reported | Forecasted amount (reported by PR): | LFA-adjusted forecasted amount:

2a. Cash buffer period | PR Total Forecast

Period beginning: 1-Oct-2010 | end | Forecasted amount

2b. Additional Cash buffer | LFA Total Forecast

Period beginning: 31-Dec-2010 | end date: | amount: | Forecasted amount:

PR's explanation of variance between forecasted amounts and amounts originally budgeted.	
LFA's explanation of any significa variance between forecasted amounts and amounts as originally budgeted.	

Dates calculated automatically. Normal cash buffer of 3 months.

Additional buffer can be requested if the next PU/DR report will contain EFR or completed Annex 1 on SR financials, or any other GF requirement which cannot be delivered within 45 days.

Explanations of major variances in budget vs. forecasted amounts are crucial. See PU/DR guidelines.

Section 6: Overall Performance

Inputting tips

A. Overall Evaluation and Rating of Grant Performance (including a summary of how financial performance is linked to programmatic achievements)

Indicator rating	e.g. A2	Any major management issues resulting in downgrade?	YES,NO, N/A	Overall Grant Rating	e.g. A2	

B. LFA comments on PR planned changes in the program, if

C. LFA Comments on External Factors Beyond Control of the Pr program

The Indicator rating corresponds with Step 1 of the Grant Rating Methodology, Annex 2.

There should be no difference between the two ratings, unless major management issues were identified by the LFA in Section 2

The Overall Grant Rating corresponds with Step 3 of the grant rating methodology, Annex 2. Step 2 of the methodology is addressed in the PU/DR LFA_Findings&Recommendations. Critical management issues identified are taken into account [here], when defining the overall rating. Refer to Annex 2, Grant Rating Methodology, steps 2-3.

Section 7: PR_Cash Request/ LFA_Disbursement Recommendation

7

Cash Request/final DR

Overview

- Part A consists of the LFA's recommended disbursement amount, and a check to ensure this is within the indicative disbursement range, based on the LFA's overall grant rating, calculated in the previous section.
- Part B includes a check-list of verifications carried out by the LFA.
- Part C comprises PR bank details, completed under the following tab.
- Part D includes a descriptive summary of the LFA's verification approach and processes. The general approach is reviewed annually, agreed upfront between the LFA and the Secretariat, and is based on country/grant risks.
- Both the PR and LFA should be familiar with the Grant Rating Methodology, in particular steps 4-5, in order to complete this section effectively.
- *Refer to PU/DR guidelines, pp. 30-32.*

LFA_Disbursement Recommendation_7

Inputting tips

Imported from Section 6

Imported from PR_Cash Request_7A_B

Overall Rating	A2
1. Cash amount requested by the Principal Recipient from the Global Fund	1,233,908.00
2. LFA disbursement recommendation	1,148,191.19

Imported from LFA tab_5B

Cumulative budget through the next period of implementation (including the buffer)	Cumulative disbursed amount to date	Cumulative disbursed after recommended disbursement (including the buffer)	% range
2,069,574	880,199.81	2,028,391	98%

Sum of these =

Obtained from GF website 'disbursements in detail' reports

Calculated

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Workshop and/or self-study resources

The following handouts are intended as an additional resource for use in workshop settings, and/or self study. They consist of completed examples of selected pages from the PU/DR form, and should be used interactively, where appropriate.

Note: these are not case studies. Please refer to notes pages before using, for discussion points.

Completed examples can be used to:

- illustrate appropriate (or inappropriate!) completion of specified fields.
- check for understanding, and highlight learning points.
- stimulate discussion and elicit additional examples, based on participant's own grant data.

PR_Programmatic Progress_1A

Completed example

A. Impact / Outcome Indicators

Impact / Outcome	Indicator Description	Baseline (if applicable) Value	Baseline (if applicable) Year	Year of Target	Intended Target	Report Due Date	Actual Result	Data Source of Results	Comments on results on Impact/Outcome indicators and data sources, and any other comments
Impact	% of adults and children with HIV still alive 12 months after initiation of antiretroviral therapy (extend to 2, 3, 5 years as program matures)	74.00	2001	2007	95.85	03/31/10	93.9	National Statistics Dirctorte AIDS clinical care database	The target set is slightly under achieved. A total of 882 PLWHA out of 939 who initiated therapy between 1/Jan/2008 and 1/Dec/2008 were still alive and under treatment a year later, i.e. as of 31/Dec/2009. Among adults, the percentage stands at 93.88 (875/932); and among children, 100 (7/7). The denominator includes people who initiated therapy in the period and died by the end of 2009. Sources of data are the National Statistics Division at MINSAP and the Ficticia Institute.

Slide 36

LFA_Programmatic Progress_1A

Completed example

A. Impact / Outcome Indicators									
Impact / Outcome	Indicator Description	Year of Target	Intended Target	Report Due Date	Actual Result (as reported by PR)	Data Source of Results	Verification Method	Verified Result	LFA comments on (a) verified result, (b) source of information used by the PR to report results, including the status of completion of surveys and other methods to measure Impact/Outcome, as applicable,
Impact	% of adults and children with HIV still alive 12 months after initiation of antiretroviral therapy (extend to 2, 3, 5 years as program matures)	2007	95.85	03/31/10	93.90	Other (type as appropriate) National Statistics Directorate, AIDS clinical care database	Other … on site visit to *** Institute, and national surveillance system databases, including the clinical care (HMIS) database in MS Access, called SIDATRAT.	94	Indicator was calculated and reported following UNGASS Guidelines... We consider the program has reached the target set i.e. 98% of target (calculated as 94% actual against 96% target). These high results are in line with universal ARV access targets for Country X, which moreover reports high rate of adherence for ARV treatment (only 2% abandonment). LFA compared the verified result (94%) against that reported in UNGASS country report for the same year , which was 94,9%. Minor difference due to deaths notified after copy deadline for UNGASS report.

Section 2: Grant Management

Completed example, management actions

Global Fund Management Actions	PR Comments on Progress of Implementation
PR will submit a report on use of revenues from condom sales every six months, not later than 15 May 2010, along with the next progress report.	In process. A local consultant was hired to develop a data collection system for condom-distribution-related expenses. A first report including the diagnosis conducted has already been prepared and is attached to this progress report. The system is expected to become operational at the beginning of the next semester.

PR data exported to LFA sheet

Global Fund Management Actions	LFA Review of PR Progress on Global Fund Management Actions
PR will submit a report on the use of revenues from condom sales every six months, not later than 15 May 2010, along with the next progress report.	There were delays in the selection of the local consultant, who will be responsible for identifying expenditures related to condom transportation, handling and storage, and designing a methodology for verifying these expenses. In addition, as the report on utilization of revenues obtained through social market condom sales will be semestral, reporting should commence next quarter i.e. the end of the first semester during which this system is due to be operational.

LFA_Total PR Cash Outflow_3A

Completed Example

Note: Section on Disbursements to SRs has been excluded in this example

All amounts are in: USD	LFA-Verified Budget for Reporting Period	LFA-Verified Actual for Reporting Period	Variance	LFA Analysis of Variance	LFA-Verified Cumulative Budget	LFA-Verified Actual	Variance	LFA Analysis of Variance
1. Total cash outflow vs. budget	264,195	407,578	-143,383		7,200,000	4,000,000	3,200,000	
1a. PR's total expenditures	91,128	130,993	-39,865	The variance relates to overspending on salaries due to certain HR costs related to current quarter being mistakenly included in the next implementation quarter as part of the approved budget. This mistake has been pointed out to the PR and will be corrected at time of the next implementation letter. However, the mistake does not affect the total amount budgeted for HR costs in this grant as it is merely a shift between periods.	3,774,068	3,417,384	356,684	The underspending vs budget is made up of the following variances: HR 100k - underspending due to late hiring for ten positions (net of budget mistake identified in current period) Training (20k) – overspending due to higher fuel costs and increase in per-diems as per new government circular M&E 277k – underspending due to more efficient organization of supervision and quarterly review meetings

Slide 39

LFA_Procurement Info_4

Completed example

	PR's response	LFA's response	
Has the PR updated the Price Quality Reporting (PQR) with the required information…?	N/A	N/A	No products received during the reporting period, which had to be included in the PQR.

Reporting Currency								
PQR Product Categories	Value of products received during reporting period	Value of products entered by the PR and verified as correct	Variance	Reason for Variance	Cumulative value of products received since Jan 2011	Cumulative value of products verified as correct	Variance	Reason for Variance
4. Condoms					201,471.80	183,201.90	18,269.90	The cumulative value of products received includes figures reported in PU/DR; cumulative value of products verified reflects figures reported in the PQR. The amount of USD201K (voucher 41288) in the PU/DR corresponds to the value of condoms *and* lubricants received. Since lubricants valued at USD18K do not have to ~~be reported~~ in the PQR, the amount reported in the PQR reflects verified value of condoms received.

Slide 40

LFA_Findings&Recommendations

Example worksheet

Functional Areas	Description of Identified Issues (in order of importance)	LFA Recommendations (in order of importance)	FPM Comments (to be completed upon receipt of the LFA-verified form)
Pharmaceutical & health product management			

Slide 41

LFA_Cash Reconciliation_5A

Completed Example

A. LFA-VERIFIED CASH RECONCILIATION FOR PERIOD COVERED BY PROGRESS UPDATE

	PR-reported amounts	LFA-verified amounts	LFA Comments (if amounts are different from those reported by the PR)
1. Cash Balance: Beginning of period covered by Progress Update	111,887	111,887	
2. Cash received by the PR from the Global Fund	1,387,644	1,387,644	
3.Cash disbursed to third parties by the Global Fund on behalf of the PR	0	50,000	The Global Fund has disbursed directly to GLC $50,000 during the period covered by this cash reconciliation.
4. Interest received on bank account	320	320	
5. Revenue from income-generating activities	25,000	20,000	Condom sales. However, the PR has incorrectly included revenues from the sale of ACTs (this is an HIV grant)
6.Other income, if applicable (e.g. income from disposal of fixed assets, tax refunds)		52,793	The PR has received a VAT tax refund which was duly recorded in the cash book, but inadvertently omitted it from this cash reconciliation. This VAT refund relates to the previous period in which the same amount was included as expenditures. Cumulative expenditures to-date should be reduced by the same amount.
7. Total PR cash outflow	-460,371	-407,578	The difference is due to GF not approving the purchase of additional vehicles in excess of budgeted quantities.
8. Net exchange rate gains/losses		-15,000	The PR has lost in USD terms due to the depreciation of the local currency vs the USD (PR keeps cash balances in local currency).
9. Reconciliation adjustments		20,000	$20,000 are savings from previous periods which should be refunded by the procurement agent.
10. Cash Balance:	1,064,480	1,220,066	

Slide 42

LFA_Disbursement Recommend_5B

Completed example

10. Period beginning date:	1-Apr-2010	end date:	30-Sep-2010	Approved budget amount (reported by PR):	2,000,000	Forecasted amount (reported by PR):	2,000,000	
				LFA-verified approved budget amount:	2,200,000	LFA-adjusted forecasted amount:	2,110,000	
								PR Total Forecast
11. Additional quarter (cash "buffer") beginning date (3):	1-Oct-2010	end date:	31-Dec-2010	Approved budget amount (reported by PR):	2,000,000	Forecasted amount (reported by PR):	2,215,000	4,215,000
								LFA Total Forecast
				LFA-verified approved budget amount:	600,000	LFA-adjusted forecasted amount:	155,000	2,265,000

PR's explanation of any significant variance between forecasted amounts and amounts as originally budgeted.	**The forecast is based on approved and budgeted activities, including certain adjustments mainly for exchange rate impact, unspent funds from previous quarters and some re-allocations. See attached workings, Example Sheet A.**
LFA's explanation of any significant variance between forecasted amounts and amounts as originally budgeted.	**The forecasted amount proposed by the LFA, including a reconciliation versus PR's workings, is included in attached Example Sheet A.**

Section 6: Overall Performance

Completed example

Section 6: LFA EVALUATION AND COMMENTS ON OVERALL PERFORMANCE

A. Overall Evaluation and Rating of Grant Performance (including a summary of how financial performance is linked to programmatic achievements)

Indicator rating	A1	Any major management issues resulting in downgrade?	No	Overall Grant Rating	A1

Overall performance for this RCC program term is excellent, reaching a mean achievement rate of 113% for all Service Delivery Area indicators, and 98% for Top Ten/ To Ten equivalent indicators. However, Top Ten indicator 'Number of condoms distributed for free in the City of La Cuidana and surrounding provinces' remains below target. The results reported for this indicator were adjusted by LFA, as PR reports for this quarter, erroneously relate to condoms purchased under the Round 6 grant. In addition, distribution of condoms under the RCC term is based on installation and use of special dispensers, in new sites. The special dispensers have not yet been procured or installed.

In contrast to programmatic achievement, financial absorption rate is not so high, at 74% cumulatively, since the start of the RCC program term. This is due to: savings in acquisition of condoms and lubricants at lower prices and delays in procurement of dispensers; delays in procurement of health equipment associated with Health Systems Strengthening (HSS) and the indicator 'Number of people reached in health services upgraded to include PLWHA care.' This indicator nonetheless exceeded programmatic targets, due to the fact that, of four out of six health centers which were upgraded, additional PLWHA patients were reached than originally targeted, in those sites. These results more than compensated for the two health centers which have not yet been upgraded, and where clinical care specific to PLWHA, remains limited.

B. LFA comments on PR planned changes in the program, if any

There are no planned changes to the program, and none required.

C. LFA Comments on External Factors Beyond Control of the Principal Recipients that have impacted or may impact program

The economic situation in County X is critical. Expected GDP for 2009 was 6%; in reality it dropped to 1.4% The country is experiencing difficulties in cancelling financial commitments. The foreign embargo continues to cause delays in procurement processes.

LFA_Disbursement Recommendation_7

Completed example

Overall Rating **A2**

Indicative disbursement ranges by performance rating

	Performance rating	Range for cumulative disbursement amount
A1	Exceeding expectations	Above 95% of cumulative budget through the next reporting period
A2	Meeting expectations	Between 85-105% of cumulative budget through the next reporting period
B1	Adequate	Between 55-95% of cumulative budget through the next reporting period
B2	Inadequate but potential demonstrated	Between 25-65% of cumulative budget through the next reporting period
C	Unacceptable	Below 35% of cumulative budget through the next reporting period

1. Cash amount requested by the Principal Recipient from the Global Fund for next disbursement period plus one additional quarter (amount in: please select currency in 'PR_Section 1A') **3,150,520** — Three million, one hundred and fifty thousand, five hundred and twenty USD

2. LFA disbursement recommendation (amount in: please select currency in 'PR_Section1A') **1,044,934** — One million, forty two thousand, nine hundred and thirty four USD

State the amount in words

Cumulative budget through the next period of implementation (including the buffer)	Cumulative disbursed amount to date (*)	Cumulative disbursed after recommended disbursement (including the buffer)	% range	Is the recommended disbursement within the range?
10,000,000	8,755,066	Sum of these = 9,800,000	98%	Yes

(*)This data can be obtained from the "Disbursements in detail report (PDF)" (http://www.theglobalfund.org/documents/disbursementdetails.pdf)

Slide 45