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**The Global Fund**

To Fight AIDS, Tuberculosis and Malaria

tel  
fax  
email

+41 (0)58 791 1700  
+41 (0)58 791 1701  
info@theglobalfund.org

Chemin de Blandonnet 8 • 1214 Vernier • Geneva, Switzerland

[www.theglobalfund.org](http://www.theglobalfund.org)

## AIDE MEMOIRE

**Mission to Tanzania: 1 March to 9 March 2012 inclusive by the Global Fund Tanzania Country Team (CT),**

- *John Ochero, Fund Portfolio Manager*
- *Margaret Kugonza, Senior M & E Officer*
- *Adda Faye, Senior Finance Officer*
- *Rafiu Idris, Pharmaceutical Management and Advisory Services (PMAS) Officer*

### Co-Traveler/Partner

- *Richard Carr, RBM Secretariat Geneva, Technical Officer (focus on malaria Program).*

### In attendance as part of GF Team

- *Nada Margwe, PWC, Global Fund Local Fund Agent (LFA), Partner.*
- *Focus Lutinwa, PWC, Global Fund Local Fund Agent (LFA), Director.*
- *All LFA Managers in charge of the Global Fund grants, PWC.*

## Background

The United Republic of Tanzania (URT) is a major recipient of the Global Fund resources to support the national HIV, tuberculosis and malaria strategy. The Global fund (GF) has to date committed about US\$ 1 Billion to assist Tanzania's fight against the three diseases HIV/AIDS, tuberculosis and malaria (12 grants in total to date).

Overall the programs have performed moderately both in the management of the resources and translating these resources into the achievement of results.

As one of the high impact countries for the Global Fund, Tanzania will have to ensure that its programs are on track to meet its MDG goals and contribute to the region's targets.

## Purpose of the Mission

A Global Fund mission team which included John Ochero, Fund Portfolio Manager and the Tanzania Country Team (CT) was in Tanzania during the period 1-9 March 2012. The primary purpose of the mission was to follow up on grant management and implementation in Tanzania specifically:

- To meet the Tanzania National coordination mechanism (TNCM) and all Principal Recipients of Global fund grants (PRs) / Lead Sub-Recipients (SRs) in Tanzania and Zanzibar to discuss grant oversight and implementation issues / challenges including risk management (hold meetings with the TNCM Chair / Prime Minister's Office, Permanent Secretaries Ministries of Health and Finance, HSS Department and National disease programs).

- To follow up on Tanzania Procurement and Supply Management (PSM) systems mitigation measures at Medical Stores Department (MSD), Tanzania Food and Drug Authority (TFDA) & the National disease Programs (NACP, NMCP & NTLP).
- To meet the Development Partners Group (DPG) and UN Group to follow up on Technical Assistance (TA) provision and partnership coordination discussions.
- To meet the US Ambassador and the USG team (PEPFAR / PMI/CDC) to follow up discussion of the PEPFAR transition in 2013, the PEPFAR expression of interest to coordinate GF activities and also discuss grant implementation bottlenecks in HIV and Malaria (including in Zanzibar).
- To meet with the Controller and Auditor General (CAG) of Tanzania to review grant audit measures and bottlenecks to timely audits.

### **Meetings held:**

The following meetings were held during the Tanzania mainland mission:

- National AIDS Control Program (NACP), National Malaria Control Program (NMCP), National Tuberculosis and Leprosy Program (NTLP), HSS Team of MOH - Separate meetings per program.
- Tanzania National Coordinating Mechanism (TNCM) Chair/ PS-Prime Minister's Office (PMO) , PS-Ministry of Finance and Economic Affairs (MOFEA) & TACAIDS Chair (One meeting).
- PS-Ministry of Health and Social Welfare (MOHSW) & MOHSW Senior Leadership (one meeting)
- PSI and AMREF (Non-Government PRs) - Separate meetings.
- Development Partners Groups Health and HIV/AIDS (chaired by GIZ and CIDA) and UN Group (chaired by UNAIDS) - One meeting
- US Ambassador and USG-Team (PEPFAR, CDC, PMI) - Separate meetings.
- Medical Stores Department (MSD)
- Tanzania Food and Drug Authority (TDFA)
- John Snow International (JSI)/ Supply Chain Management Systems (SCMS)
- LFA

### **Summary of mission outcome:**

The FPM / Country Team briefed the country stakeholders on the recent developments at the Global Fund (GF), reiterating the GF's General Manager's key messages that included Strengthening of the GF's foundation (focusing on country needs to fight the three diseases AIDS, Malaria & TB); Acting on strategic decisions (implementing the GF 2012-16 strategy) and Securing Resources needed.

Discussions were held with all the relevant stakeholders including partners on challenges to Program / grant implementation in Tanzania. A detailed review of grant agreement conditions (CPs) was undertaken with the PRs/ Programs with a view to resolving the remaining deliverables for the fulfillment of the CPs to ensure normal grant implementation and rapid flow of funds. An update was provided by the CT on key issues and outstanding matters including matters raised in previous management letters to the PRs. TNCM Chair /Secretariat, the PS-MOFEA & MOHSW (GoT PRs) committed to follow up with all the relevant actors to come up with measures for

strengthening the management of GF grants. The MOHSW also promised to strengthen the coordination unit at the MOHSW by increasing senior technical staffs (Finance, M&E and PSM Experts) for enhanced coordination of programme deliverables (i.e. reporting) and to follow-up on all actions required in the grant agreement and other management actions. There was agreement that stakeholders would meet to agree on strategies to improve speed of grant implementation (including PSM) and report submission. The partnership framework work shop was postponed to a future date during which the Development Partners /UN Group's feedback shared with the Global Fund would be discussed and recommendations / actions for strengthening partnerships and TA for the programs will be agreed on. The DPG / UN Group promised to continue collaboration with the GF and providing TA to the programs. The meeting with US Ambassador and USG Team was cordial with the US confirming their commitment to continued collaboration in the health sector particularly in strengthening the health systems and coordination of the GF grants. The US Ambassador promised to provide all possible support to that end. The GF CT promised to improve communication by copying all the TNCM members on all relevant communication to the CCM/PRs. The CT promised to make a minimum of two CT missions a year and also continue to share other relevant information as applicable through the TNCM/PRs/DPG/UN group chairs etc.

**Key challenges / issues discussed with Tanzania TNCM/PRs/Partners / other Stakeholders and Action points agreed:**

The GF encourages all stakeholders to identify ways of strengthening the management of Global Fund grants in Tanzania to facilitate grant implementation and avoid loss of resources. It is in this light that wide consultation and discussion was held with the in-country stakeholders on how implementation bottlenecks and mitigation measures are managed/resolved as part of overall program management and coordination.

Challenges / issues include:

1. **Conditions Precedent (CPs):** Delays in meeting grant agreement conditions (CPs) resulting in delayed disbursements' and bottlenecks in implementation including stock outs and expiry of drugs.

**Action:**

The CPs were discussed in detail and action points and timelines agreed per CP. Key CPs / Actions included:

- **Provision of quarterly Stock status reports for ARVs and ACTs:** It was agreed that this report should be submitted at a minimum with the round 8 HIV Phase 2 request for continued funding. The submission should include detailed stock status for the whole supply chain system (from facility level to MSD). PEPFAR / Supply Chain Management System (SCMS)/John Snow International (JSI), already providing assistance for PSM will continue to provide assistance to the MOHSW / disease programs / MSD to achieve this.
- **Submission of Updated M & E costed Plan:** The NACP to forward to the GF the updated CP documentation that was shared with the LFA.
- **Patient Monitoring System (PMS) up and running to ensure reporting actual numbers on ARV:** The NACP confirmed that the PMS has been rolled out to all districts and first reporting was expected as at 31 December 2011. NACP to complete / submit CP documentation with results to feed into the round 8 Phase 2 review.
- **Submission of LLINs final Evaluation Report:** The NMCP agreed to submit the overall LLIN evaluation report by 31 March 2012.

- **Installation of Accounting Software for national disease programs:** The MOHSW (follow up by Global Fund Coordinator Dr Hiltruda Temba) to submit the action plan for the roll out of the accounting software for all the disease programs (NACP/NMCP/NTLP)
- **Round 8 malaria phase 2 condition for refund of US \$ 2 .3 M Foreign exchange loss to the National Malaria Control Program (NMCP):** The MOFEA, the PR for the malaria round 8 malaria program is required to refund to the NMCP US\$2.3 million foreign exchange loss during Phase 1 to ensure that the program is able to meet its goals and objectives. This should be done before the signing of Phase 2 for the Round 8 malaria grant. The MOHSW to follow this up and provide response to the GF no later than 31 March 2012 to ensure the negotiation and signing of the Phase 2 grant.

2. **Progress Updates and Disbursement Requests (PUDR):** The GF grants are performance based and delayed implementation and reporting leads to loss of funding. There have been delays in reporting / accountability (submission of Progress updates and disbursement requests). There is also need to address the issue of inadequate data management & quality of submitted reports (which results in further delays). This has resulted in loss of funds to Tanzania. We note that USD 50 million has been de-committed in the last 10 years due to delayed implementation/reporting across the twelve grants. There is potential for further loss should this issue not be addressed (see attached financial snapshot analysis).

**Action:** There is need to put in place measures to ensure that the Country does not lose committed funds due to slow implementation, and low absorption of funds. The MOHSW Senior Management lead by the acting PS promised to strengthen the coordination unit at the MOHSW through increasing senior technical staff involved in the coordination role (Finance, Programmatic Officers and other support staff as necessary in addition to the current single GF Coordinator). There was agreement that stakeholders would meet to agree on strategies to improve speed of grant implementation (including PSM) with clear timelines for the submission of the relevant report and other deliverables. PEPFAR has also expressed interest in providing assistance to improve the TNCM secretariat's oversight function through strengthening the coordination office (staffing with technical HR, etc.). The CT clearly understood and supports the Government policy to mainstream within the relevant Ministries; however, the enhancement of the coordination unit would create focus on GF implementation with the mainstream structures of the MOHSW.

**Grant Audits:** Principal Recipients' (PR) audits for the grants continue to be undertaken by the National Audit Office. There is need for timely submission of audit reports to ensure timely disbursements and follow-up of the audit recommendations to improve overall financial management. The Team met with the Controller and Auditor General (CAG) and discussed possible bottlenecks in getting out audit reports in time. The CAG assured the CT that the audits were on track and expected to be completed in time for submission to the President / parliament (by 31 March 2012). The issue of traceability of GF resources and proper and timely reconciliation of balance by the implementing entities within the Government structures were discussed. The CAG assured us the focus of their audits has changed and with the rollout of the Integrated Financial System,

it is expected that timely reconciliation and proper documentations is done systematically. He also confirmed that the Government has established an Independent Internal Audit structure to provide additional assurance and ensure proper accountability and for state and development funds in the country.

**Action:** It was agreed that the CAG should continue conducting one audit but highlight details of GF grant interventions with a separate opinion for GF PR and SRs within the Government Structure. This discussion has to continue to ensure timely audits and oversight measures.

With respect to the HSS grant within the MOHSW, and the fact that the start date of the grant was April 2011, it was agreed with the CAG that for the 2011/2012 audit cycle, a special purpose audit would be done for the period April 2011 to 30 June 2012 (i.e. 15months), and afterwards this program would be integrated in the regular annual national audit.

- 3. Strengthening Governance, coordination and ownership:** Numerous delays especially on reporting and requesting funding are attributed often to presence of many stakeholders (SRs, Sub-SRs, partners etc.) and poor coordination. How can the grant management and implementation process be coordinated better to ensure efficiency (accountability by all stakeholders)? Who ultimately owns the process and makes the final decision? Discussions were held with TNCM, MOHSW, TACAIDS, DPG/UN Group, PEPFAR to find ways to resolve this.

**Action:**

The TNCM Chair /Secretariat, the PS-MOFEA & MOHSW (the two Government of Tanzania PRs) promised to follow up with other actors to come up with measures for strengthening the management of GF grants. The MOHSW has promised to strengthen the office of the GF coordinator whose office would be entrusted with the responsibility of follow up of stakeholders for timely deliverables. PEPFAR has also expressed interest in providing assistance to improve the TNCM secretariat's coordination / oversight function through strengthening the TNCM secretariat office (staffing with technical HR, etc.).

The DPG has also confirmed that the TNCM oversight plan is being finalized and operationalized. The plan will be shared with the GF.

- 4. Transition to SSF for Malaria grants:** Tanzania have already transitioned to SSF with the consolidation of the Round 7 and 9 malaria grants. There is need to align all the exiting malaria grants (same PRs) with the existing SSF grant.

**Action:** It was agreed that the transition to SSF be undertaken during the round 8 malaria negotiations through consolidation with a future start date (2-3 months to allow time for consolidation / approval/finalization of grant negotiations). There is need to ensure the speeding up of the processes including providing necessary documentation / clarification to the LFA/GF for timely completion of the process.

- 5. Health Products Procurement & Supply Management challenges:** Procurement and Supply Management (PSM) still remains a major challenge but is being overcome through putting in place structures and mechanisms for improving the procurement and supply management (PSM) system.

**5.1 ERP system:** This would address problems encountered in getting management information systems data. The roll out of the Enterprise Resource Planning package (ERP) to help address this at MSD is expected to be completed by April 2012.

**Action:** The PR is to provide a status report of status of the ERP by 31 May 2012

**5.2 Maintenance of storage facilities:** It was observed that the new ultra-modern storage facility being constructed will require constant maintenance to be able to function at high level.

**Action:** The PR to lobby government functionaries to ensure that funds for warehouse maintenance are included in government budgets for the health sector as they are not catered for by the grants.

**5.3 Terms of Reference (ToR) for Supply Chain Management Advisors (SCMAs):** It was noted that 18 SCMAs visit health facilities once a quarter to collect LMIS information on ARVs. The SCMAs could perform similar activities with the TB and Malaria commodities.

**Action:** The PR to provide timelines for the revision of the ToR of the existing SCMAs to include TB and malaria commodities. The review should include an assessment of whether or not more SCMAs would be required in view of ToR changes and if more would be necessary, what number this would be. This timeline should be submitted by 31 March 2012.

**5.4 Pharmaceutical and Health Product Country Profile Part II:** The PR was taken through the document to address areas where further clarifications are required.

**Action:** The PR to complete the Country Profile Part II and submit for LFA assessment by 31 March 2012.

6. **ARV Funding gap / needs:** The Main Global Fund Partner funding ARVs, PEPFAR is transitioning from an emergency response to a sustainable response by 2013. Because of the rapid scale up expected (due to WHO new guidelines), there is expected to be a huge funding gap for ARVs, reagents etc. There is therefore need to continue discussions by GoT, in the TNCM and with partners on how to bridge this gap. It was also noted that the round 8 HIV grant's phase 2 ends on 31 May 2012 with a delayed phase 2 review due to the GF new policy on counterpart financing. The TNCM has been invited to submit Tanzania's Request for continued funding (RCF) by 15 April 2012. Subject to the PR's timely submission of quality RCF documentation, the LFA phase 2 assessment report is expected by 15 May 2012 and GF secretariat phase 2 review expected in June 2012 for GF board approval by July 2012. This implies that there is expected to be a delayed phase 2 start. There is also an imminent stock out of ARVs in Tanzania.

**Action:** In view of the delayed phased 2, the CT is recommending the extension of the phase 1 to allow time for negotiations / bridging phase 1 and 2. The CT has also advised the TNCM/ PR/Country partners / stakeholders to include in the phase 2 request, a detailed stock status report / analysis of the ARV/ critical health products needs for beginning of phase 2 and also request for access of phase 2 funds to ensure procurement of ARVs for the first 9 months (to ensure meeting of minimum 9 months stock levels of ARVs required) and also to ensure timely procurement to avoid stock out. To solve the immediate ARV needs, the

last phase 1 disbursement of US \$ 12 m for ARVs is being released in March 2012 but is only expected to provide ARVs up to September 2012.

7. **Quarantine of HIV SD Bioline RDT:** The CT mission confirmed that almost 3 months after the 29 December 2011 notification to the PRs of the defective HIV SD Bioline RDT test kits, no testing for HIV was being undertaken in the whole country.

**Action:** The PR (MOHSW) to immediately follow the directive to start testing using alternative test kits as per WHO guidelines. The PR explained that a decision had been made on alternative test kits to use and a communication was to be sent on Thursday 8 March 2012 (day CT met with MOHSW) to the Regions and districts to resume testing with alternatives (Determine as first line test kit).

PEPFAR has already procured 15,000 alternative test kits; UNICEF 4,000 (3000 in pipeline), use of which was awaiting the GoT decision. These test kits will start being used in the interim.

The PR also to initiate procurement procedures for the alternatives test kits to ensure no stock outs (after PEPFAR and UNICEF kits run out).

8. **Partnership Strengthening:** There is strong in-country partnership amongst the various stakeholders/development partners that has contributed to the effective scale up of the HIV, malaria and TB response over the last 6 years. Partners continue to provide critical support to capacity building and technical assistance for strengthening the Programs including proposal development. There is need for continued partnerships to ensure good performance of the programs.

**Action:** The partnership framework work shop that was originally scheduled to take place on 6 March 2012 was postponed to a future date at which the Development Partners / UN Group feedback shared with the Global Fund would be discussed and recommendations / actions for strengthening partnerships and TA for the programs would be agreed on. The DPG/UN group promised to continue collaboration with the GF and providing TA to the programs.

9. **Meetings with AMREF and PSI:** Cordial discussions were held on grant implementation and key issues identified including: For PSI - need to disburse the outstanding funds pre-financed by PSI from the GF. For AMREF, the phase 2 negotiations were on-going and the PR was in the process of completing documentation for meeting the Phase conditions in-order to conclude grant negotiations.

**Action:** PSI: The GF confirmed that the review of the issues surrounding the outstanding disbursement has been reviewed /finalized and the disbursement was being processed to be released as soon as possible.

AMREF: AMREF to submit outstanding phase 2 negotiations documentation (Performance Framework by 12 March 2012, submission of other documentation including Audit Action plan by 31 March 2012). The GF to provide details of the budget activities approved for phase 2 on return to Geneva.

The Global Fund delegation concluded their mission with a de-brief to all key stakeholders (the TNCM Chair, TACAIDS Chair, PS-MOFEA, PS-MOHSW, the DPG -Health and AIDS, the UN Group-Chaired by UNAIDS) on the key issues and action points agreed.

The stakeholders reiterated their commitment to following up on their areas of engagement to ensure that the action points were implemented.

*Sincere gratitude to the TNCM, all partners, the Tanzania Ministry of Health and Ministry of Finance, TACAIDS, the National Disease Programs, the LFA, other PRs and all key actors who made this mission a success.*

*(Attached appendixes provide documents referenced in the report)*