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## Renewal Funding Approved for Cambodia HIV Grant Despite Need to Appoint Fiduciary and Procurement Agents

The Global Fund Board decided to approve renewal funding for an HIV grant to Cambodia even though the Fund is concerned about problems in financial and procurement management.

GFO reported in a separate [article](#) that Cambodia was awarded renewal funding of up to \$57.7 million for the next implementation period of a single-stream-of-funding grant, CAM-H-NCHADS, for which the principal recipient (PR) is the National Centre for HIV/AIDS, Dermatology and STI (NCHADS).

In the next implementation period, the focus will shift somewhat to include more prevention activities for the main most-at-risk populations (MARPs), and more support for orphans and vulnerable children (OVC).

The shift in emphasis reflects similar changes to Cambodia's national HIV strategy. Another reason for the shift is that bilateral funding for Cambodia from the US is moving away from financing service delivery and towards supporting technical assistance. In addition, other donors are ending their support for OVC in Cambodia. The Global Fund remains the main donor for HIV service delivery in Cambodia.

The Grant Approvals Committee (GAC) recommended that a unified strategy be developed with technical partners to address (a) human rights barriers that negatively impact outreach to MARPS; and (b) long-term resourcing issues. The latter refer to what the Global Fund sees as the need for increased contributions from the Government of Cambodia and for strategies to ensure the retention of staff within the national HIV programme in the Ministry of Health.

Fiduciary and procurement agents appointed

According to a version of the programme scorecard prepared for the Board, the Office of the Inspector General (OIG) completed an investigation of NCHADS in mid-2012 and is in the process of finalising its report. (“Programme scorecard” is the new name for the grant scorecard.)

Based on information from the OIG, the scorecard said, the Secretariat decided to engage a fiduciary agent to manage funds dispersed to NCHADS and to strengthen its financial management control systems. The scorecard said that the Secretariat has decided to extend the mandate of the fiduciary agent to the next implementation period of the HIV grant.

In addition, the scorecard revealed, the Secretariat decided to embed a procurement agent in NCHADS to manage the procurement and supply management (PSM) function and to strengthen controls within the procurement unit. Procurement of health products will be handled by an international entity (either UNICEF or the Fund’s pooled procurement mechanism).

Further, the scorecard said that in order to mitigate risks regarding a particular sub-recipient (SR) that was also a subject of the OIG investigation, the Secretariat has extended the terms of reference of the fiduciary agent in NCHADS to cover financial management and controls in the SR.

### Procurement issues at NCHADS

According to the scorecard, in the first period of implementation of the HIV grant, NCHADS had weak PSM capacity. This led to poor forecasting and inventory counts, delayed approval of PSM plans and delayed procurement of health products. These delays have ultimately caused Cambodia to experience stock-outs of drugs, test-kits and condoms, the scorecard said.

The scorecard said that the Secretariat will endeavour to strengthen the PSM capacity of NCHADS, with the help of partners, such as the Clinton Health Access Initiative, USAID and France’s 5% Initiative, during the rest of 2013 and into the next period of implementation of the grant. Efforts will focus on strengthening databases at antiretroviral (ART) sites to accurately record patient numbers, regimens dispensed and stock in hand. The scorecard said that investments in the physical infrastructure of ART sites, planned for first implementation period but then postponed, will be carried out in the next implementation period.

### Incentive payments

There was considerable discussion within the GAC concerning the payment of incentives to staff implementing the grant. In its report to the Board, the GAC said that although it acknowledges donors’ concerns about paying incentives to retain staff, it believes that the incentives should continue in the short term while a longer-term strategy is developed.

The CCM request for renewal funding included money to pay health workers and staff in the management unit of NCHADS incentives ranging from \$40 to \$200 per month. In the programme scorecard, the Secretariat said that incentives were also included in the budget for the first implementation period of the grant, and were paid until the end of 2012. They were stopped following pressure from a number of donors to support efforts to achieve comprehensive compensation reform in Cambodia.

In the scorecard, the Secretariat said that it is reassessing its decision to stop funding incentives. The Secretariat argued that:

- it is not realistic to expect that the reform will be completed in the near future;
- if the workers are not adequately paid, they will be forced to look for alternate sources of income; and
- if the incentive payments are not reinstated, this would have a negative impact on the morale of workers, and would likely lead to staff shortages at NCHADS.

The Secretariat also said that the situation is exacerbated when development partners fund projects within the health sector that include well-remunerated “project positions,” which contributes to a diminishing work force of core staff within the Ministry of Health.

Following detailed discussion with development partners, a board condition and a management action were added to the approval of renewal funding. The board condition stated that once development partners and the Government of Cambodia agree on a new comprehensive health sector compensation scheme, all governmental PRs and other governmental implementing entities shall comply with the scheme.

The management action is that the Global Fund commits to holding extensive discussions with the Government of Cambodia and development partners in Cambodia with the aim of reaching agreement on an interim solution for incentive payments. The management action calls for a final decision on the solution to be taken by 31 October 2013.

Information for this article was taken from Board Decision GF-B29-EDP3 and from B29-ER-02, the Report of Secretariat Funding Recommendations for July 2013. These documents are not available on the Global Fund website. Additional information was taken from the programme scorecard, a version of which should be posted on the Global Fund website shortly.

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