



Independent observer
of the Global Fund

“PR of Last Resort” Expands the Reach of Global Fund

The United Nations Development Programme (UNDP) believes that the Global Fund grants it has managed have performed well despite the fact that UNDP only steps in as a principal recipient (PR) “of last resort.” The UNDP says that the partnership between the two organisations has enabled the Global Fund to implement grants in countries with difficult circumstances.

“About 84% of the grants managed by UNDP are currently rated A or B1 by the Global Fund,” Håkan Björkman, the Cluster Leader for the UNDP’s Partnership with The Global Fund Unit told GFO. “Some of the best performing grants are in Belarus, Cuba, Kyrgyzstan, Haiti, South Sudan and Zimbabwe,” he said.

The graph below shows the performance of UNDP grants in comparison with grants managed by government and civil society PRs. The graph was prepared by Aidspan using grant performance data from the Global Fund.

Graph: Average performance rating of Global Fund grants managed by UNDP, civil society PRs and government PRs

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UNDP has worked with the Fund since 2003 to implement grants in places where grants were failing due to civil war, corruption or lack of capacity. UNDP has served as PR in 42 countries (see table below) and has implemented 159 grants, 55 of which were active as of December 2012. Seven of the 55 grants are in the process of being closed out because they have come to the end of their terms.

The 55 grants, which are spread out over 25 countries, have a total value of \$1.36 billion. Since the beginning of the partnership, UNDP has implemented grants worth \$2.12 billion, which is about 12% of total Global Fund spending of \$16.5 billion over the period.

“The established practice is that UNDP serves as interim PR until a national entity has the capacity to take over, and/or circumstances in the country permits a national entity to take over,” Mr Björkman said.

“UNDP only becomes PR upon request and in exceptional circumstances,” Fabien Lefrançois, Policy Specialist in the Partnership Unit, told GFO. “We use the title “interim PR” to reflect the fact that there is a clear understanding from the outset, when we serve as PR, that this arrangement is for a limited amount of time while we work with national entities to ensure they can take over as soon as circumstances permit.”

Table: Countries where the UNDP has served as PR

Category	Countries		
UNDP is currently the PR (25 countries)	Belarus Belize Bosnia and Herzegovina Bolivia Chad Cuba El-Salvador Haiti* Iran	Iraq Kyrgyzstan Mali Montenegro Sao Tome & Principe Sudan South Sudan Syria	Tajikistan Togo Turkmenistan Uzbekistan Palestinian Territory Yemen Zambia Zimbabwe*
UNDP has exited as PR (19 countries)	Angola Argentina Benin Burkina Faso Central African Rep. Cote d’Ivoire Dem. Rep. of Congo	Equatorial Guinea Gabon Guinea Bissau Haiti* Honduras Liberia	Mauritania Maldives Nepal Niger Panama Zimbabwe*

* In Haiti and Zimbabwe, UNDP exited as PR and then re-entered; hence, these countries appear in both categories in the table.

The UNDP’s work with the Global Fund has three objectives: (1) to support the implementation of global fund grants; (2) to develop the capacity of national entities to take over the management of programmes, or to improve their performance when they are already serving as PRs; and (3) to strengthen the quality of Global Fund programmes.

The UNDP has served as PR in countries where the Global Fund has assessed the proposed or existing national PRs as having weak managerial capacity. Examples of these countries are Tajikistan, Togo, Chad, Sao Tome and Principe, Turkmenistan and Belize.

The UNDP has also served as PR in countries which are not able to manage international funds because they are emerging from long periods of conflict (such as South Sudan) or because they have faced a national disaster (such as Haiti following the earthquake in 2010).

In addition, the UNDP has managed grants in countries experiencing political upheaval (such as Kyrgyzstan) or who find themselves in long-term complex political situations (such as Bosnia) – where it is difficult for governments or national NGOs to implement Global Fund grants.

As well, the UNDP has been asked to step in as temporary PR while transparency and accountability systems are

strengthened in countries where corruption or weaknesses in financial management have led to the suspension of grants. Countries where this has happened include Zimbabwe, Zambia and Mali.

“In the case of Mali, the initial reason was the OIG (Office of the Inspector General) investigation of the national PR, but then the coup and political instability became an additional reason for UNDP to step in,” Mr Björkman said.

Some countries have chosen to use UNDP as PR in order to overcome national institutional weaknesses or legal obstacles – such as prohibition against NGOs holding foreign currency accounts. In Uzbekistan and Belarus, the national regulatory framework limits the role of NGOs by limiting their access to international banking.

UNDP can also be asked by the Global Fund to be PR in countries facing international sanctions, such as Cuba and Iran. Sanctions usually limit the transfer of funds to the governments of these countries.

The UNDP has faced various challenges in its partnership with the Global Fund. “The areas of highest risk are management of sub-recipients (SRs) and supply chain management, and more broadly risks associated with political instability, conflict, fragile states and weak governance,” he said.

Information for this article was taken from various sources, including a UNDP document entitled “UNDP and the Global Fund: Partnering to Save Lives,” on file with the author.

The second article in this series (see below) examines UNDP’s policies and procedures for managing sub-recipient risk. The third article will describe the work of UNDP to build capacity of national systems in countries where it operates as interim PR.

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