

Capacity Development and Transition - Strengthening Systems of Health

UNDP Global Fund Implementation Guidance Manual

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Capacity Development and Transition - Strengthening Systems of Health

Overview

These capacity development and transition guidelines describe the strategic approach that UNDP takes to enhance the sustainability of national health programmes and disease responses, by developing the functional capacities of national entities through strengthening national systems for health. The focus is on strengthening the following systems: programme management; Sub-recipient (SR) management; financial management; monitoring and evaluation (M&E); and procurement and supply chain management (PSM).

To further contribute to the improved performance and resilience of national responses to HIV, TB and malaria, there is more detailed guidance available on the [UNDP Capacity Development Toolkit Website](#). This complimentary site draws on the knowledge generated and lessons learned from capacity development and transition plans produced and implemented in collaboration with governments, Civil Society Organizations, the Global Fund and other partners. Relevant links to the [Capacity Development Toolkit](#) are provided throughout this section of the Manual to allow users to obtain further information, resources and tools where needed to strengthen systems for health.

Interim Principal Recipient of Global Fund Grants

When UNDP supports health programmes an important element is to strengthen systems for health and build resilient national entities to increase sustainability. UNDP is requested to serve as interim Principal Recipient (PR) for Global Fund grants in different countries facing a wide variety of special challenges. While managing health programmes and/or Global Fund grants, UNDP simultaneously works to develop the capacity of governments and/or civil society organizations to serve as Programme Managers and PRs when circumstances permit. Where UNDP takes on the role of Programme Manager and interim PR, UNDP is also requested to provide supporting services such as health procurement, financial management and capacity development.

Beyond its implementation support role and in line with its core mandates, UNDP also provides policy advice and technical assistance on critical legal and policy enablers, human rights, and gender equality to support Global Fund grant implementation.

A Strategic Approach to Capacity Development

When acting as interim Principal Recipient (PR) UNDP must; i) [achieve results](#); ii) meet the operational requirements of the Global Fund and other donors; and iii) achieve high levels of performance. In July 2016, UNDP was managing 35 grants in 22 countries, as well as 3 regional grants in South Asia, Asia Pacific and Africa. UNDP consistently achieves high performance with fifty four percent of UNDP grants in 2016 rated A1 or A2 (“exceed” or “meet expectations”) by the Global Fund.

At the same time the approach to capacity development is central to all UNDP programmes. This starts with identifying a baseline of current capacity to inform the design of health programmes and Global Fund grants. All effective decisions during the design, approval and implementation of health programmes and Global Fund grants contribute to capacity development by; strengthening systems; enhancing knowledge; building ownership and; alignment with national policies, to increase sustainability. Capacity development is also achieved through the programme or grant implementation arrangements ensuring national systems for health are strengthened and used where possible for key functions such as programme, Monitoring & Evaluation (M&E), financial management, forecasting and supply chain management. These incremental improvements help reduce the barriers to accessing essential care and the strengthening of systems for health enable health workers to improve the quality and delivery of services.

The actual implementation of the health projects and Global Fund grants is aligned with national strategies and national disease responses to ensure that any capacity development interventions contribute to the results of national programmes. Greater ownership and leverage is achieved by ensuring the project and grant performance indicators and capacity development results are aligned to national strategies.

Resilience and Sustainability

To build resilience and ensure greater sustainability whilst UNDP is an interim Principal Recipient (PR) or programme manager, the provision of services to the end users are delivered by national government, non-governmental organizations (NGOs) and private sector entities where feasible. UNDP is not normally directly involved in implementation with the exception of procurement where international competitive bidding through long term agreements (LTAs) ensures value for money and a reduction in costs. However, in procurement and supply management (PSM) national entities normally have central roles in forecasting and quantification to allow orders to be placed, as well as the storage and distribution once the orders have been received. UNDP as interim PR supports national entities in strengthening warehouse facilities, Logistics Management Information Systems (LMIS), as well as transport and distribution. A summary of PSM capacity development can be found [here](#).

This focus on sustainable systems for health and linkages to Health Systems Strengthening (HSS) programme, helps to ensure infrastructure, information systems, procedures and management are enhanced with the aim of both improving and sustaining the performance of the national programme, as well as donor and Global Fund grants. The comprehensive capacity development approach of enhancing national systems for health creates greater resilience. This comprehensive approach involves putting in place structures with appropriate roles and responsibilities to manage national programme and Global Fund grants. This is supported by performance-based terms of reference (TORs), merit based recruitment, orientation, professional development and on the job training and coaching and mentoring. This is enhanced by producing or updating manuals, standard operating procedures (SOPs), together with guidance and templates, together with hardware, internet connectivity and relevant software. This helps reduce the dependence on a small number of core staff and accelerates the recruitment and orientation of new staff. This strategic approach to **capacity development** is more comprehensive than the, narrower traditional approach of capacity building of training and technical assistance (TA).

Where UNDP supports the implementation of health programmes and Global Fund grants in **Challenging Operating Environments**, it uses diverse strategies to maximize resilience including; mobile payment systems; electronic tracking of patients; aiming to provide continuity of treatment and essential services; and supply chain management that is responsive to the impact of conflict.

Functional Capacities

Central to the UNDP capacity development strategy is a strong focus on strengthening systems for health, in particular the following 5 **functional capacities**:

- **Financial Management & Systems, including Risk Management**
- **Procurement and Supply Chain Management (PSM)**
- **Monitoring and Evaluation (M&E)**
- **Project Governance and Programme Management**
- **Sub-recipient (SR) Management**

These respond to the minimum requirements of the Global Fund, but are also tailored to meet the requirements of the national disease programmes and donor grants. The entry point for planning the development of the functional capacities is commonly carried out during the concept note development and/or the grant making stage. The scope is always broadened to include health programmes and national disease responses, rather than just focusing on the Global Fund grant. This provides the opportunity to apply greater integration between the three diseases and identify potential synergies with broader public health programmes. Strengthening systems for health helps to institutionalize the reforms and gain a more sustainable return on the investment.

Strengthening functional capacities and systems for health usually requires;

1. a clear vision and leadership;
2. clarification of roles and responsibilities of organizations and individuals
3. the development of manuals, SOPs and guidance;
4. prioritizing capacity development actions; and
5. developing, implementing and monitoring a Capacity Development Plan.

UNDP's role is to help facilitate the process, make tools and guidance available to the stakeholders and to support the implementation and monitoring of the Capacity Development Plan. Each of the stages of **the process of capacity development** is described in the UNDP Global Fund Capacity Development Toolkit, together with useful resources and templates to support the process.

Legal and Policy Enabling Environment

In addition to the functional capacities detailed [here](#), it is recognized that strengthening the enabling legal and policy environments, including the promotion and protection of human rights, are essential in ensuring effective national responses to HIV, TB and malaria. The Capacity Development Toolkit has a section focused on the **Critical Enablers** of Human Rights, Gender Equality, Policy and Legal Environments as they pertain to Key Populations that are impacted by, and vulnerable to HIV, TB and malaria infection. Here you will find information, strategies, guidelines, case studies, research, lessons-learned, and other resources that foster comprehensive and effective prevention, testing, treatment, care, and support.

Capacity Development and Transition

The sustainable **transition**^[1] or handover of the Principal Recipient (PR) role from UNDP to one or more national entities can be one of the results of the capacity development process. The success factors include:

1. a country context that enables a transparent and participatory process;

2. clear vision and leadership to manage the transition process;
3. change management to strengthen systems to meet the Global Fund and national requirements;
4. putting implementation structures and arrangements in place with clear roles and responsibilities; and
5. being able to monitor progress by assessment with clear measurable milestones.

The country context is an important element in transition to national PR(s). Where the national entity has previously been a PR and/or a large well performing Sub-recipient (SR) the risks involved are lower and the milestones more easily achieved. A phased approach may be more appropriate over a longer period in fragile countries impacted by conflict or natural disasters and/or with difficult operating environments. Where the Global Fund has an Additional Safeguard Policy (ASP) in place additional strengthening of oversight and accountability systems and programme governance might be needed before the transition milestones are achieved. The capacity development toolkit provides guidance on **transition** to national entities.

[1] The definition of Transition for the purpose of this guidance is the handing over of the main functions of a PR from an international organization, UNDP or an international non-governmental organization (INGO) acting as Interim PR to a national entity or entities who then become the PR for Global Fund grants.

Transition

At the start of the **transition process** it is important that some key questions are considered by national stakeholders, the Global Fund, the Country Coordinating Mechanism (CCM), partners and UNDP. These include considering what the **Transition Options** are and what criteria will be used to evaluate the options:

- Which diseases will transition and when will this happen?
- Which grants will transition and when will this take place?
- Which national entities will potentially become Principal Recipient (PR) and what is the approval process?
- Which functions will transition and when? Will all the functions transition?
- What will be the future roles and responsibilities of the new PR?

Following a review of the options, decisions can be made and a PR **Transition Strategy** developed. The Transition Strategy could include;

1. the options selected together with the rationale for the decisions made;
2. an action plan for the transition process, including a timeline for functions and grants;
3. monitoring indicators for the transition process; and
4. the technical assistance required during transition, together with the role of partners.

Measurable transition milestones will be developed for each of the nominated PR functional areas. The first of these transition milestones in each functional area will be to put in place procedures, guidance and systems with sufficient training and 'on the job' support to meet the requirements of the Global Fund. The second milestone for each functional area will measure the level of take up, use and compliance of the procedures and the systems against the minimum requirements of the Global Fund.

Transition Strategy

Start Up

- Establishing project management arrangements and corresponding project management structures for the new Principal Recipient (PR).
- Identifying and agreeing the institutional arrangements between the PR(s) and Sub-recipients (SRs).
- Developing and implementing a Human Resource and Recruitment Plan for the new PR(s).
- Designing and rolling out a staff orientation and training for the new PR(s).

Capacity Development and Technical Assistance Coordination

- To prepare and implement a Capacity Development Plan for the new PR(s) after Transition.
- To plan and coordinate Technical Assistance (TA) for the new PR(s) after Transition.
- To identify and implement an ongoing PR support package of services for priority functions.

Grant Closure

- The preparation, approval and implementation of a Grant Closure Plan.

- Verification and transfer of assets.
- The preparation and implementation of a Grant Handover and Continuity Plan.
- Identify and plan the role of partners following transition.

Grant-Making

- Global Fund Capacity Assessment Tool (CAT) completed by new PR(s) to assess their ability to meet Global Fund minimum requirements.
- Global Fund grant(s) performance framework finalized and approved.
- UNDP functions and systems replaced by new PR(s).
- Legal framework developed and approved to manage grants.
- Budget management and reporting systems, standard operating procedures (SOPs) and guidance developed and in place and operational for the new PR(s).
- Implementation management and work planning, SOPs, guidance and templates in place in new PR(s).
- Financial management accounting and consolidated reporting, systems, manual, SOPs, guidance and templates in place and operational in new PR(s).
- Monitoring and evaluation systems, indicator frameworks, databases, manual, SOPs, guidance and templates in place and operational in new PR(s).
- New PR(s) have systems, SOPs and guidance in place and operational for the recruitment and management of TA.
- Monitoring and reporting of the transition strategy in place and being carried out.

Sub Recipient (SR) Management

- Legal status, systems, processes and templates in place for the new PR(s) to contract SRs.
- PR(s) have processes in place to identify and select SRs and ensure value for money.
- PR(s) are able to assess the capacity of SRs and support SR capacity development and training.
- PR(s) are able to put in place and utilize processes to manage, monitor and report on the performance of SRs.

Procurement and Supply Management (PSM)

- New Procurement Plan prepared and approved six months prior to transition of PR-ship.
- Options considered and preferred solutions decided for future procurement arrangements.
- Put in place systems, SOPs and guidelines for national and international procurement.
- Supply chain management options considered and preferred solutions decided and put in place.

The timing of the transition will vary, with a longer period of support likely to be needed for procurement of health products including medicines and lab diagnostics.

Please visit the [UNDP Capacity Development Toolkit](#) for further guidance and resources on transition planning and strategy.

Capacity Development Objectives and Transition Milestones

The capacity development and [transition processes](#) are closely linked and one of the results of a Capacity Development Plan can be the sustainable handover of the Principal Recipient (PR) role to national entities, where circumstances permit. The relationship between capacity development objectives and transition results can be seen in the examples provided in the table below:

Function	Capacity Development Objectives	Transition Milestones
Capacity Development	To further enhance the national systems for health to improve the performance of the Global Fund SRs and/or new Principal Recipient, to strengthen the delivery of the national HIV, TB and Malaria responses.	The implementation of the Capacity Development Plan achieving 90% of the deliverables by day/month/year.

	To strengthen the knowledge, expertise and technical skills of health workers to improve individual and programme performance and service delivery.	Completion of the Global Fund Capacity Assessment Tool (CAT) supported by verifiable evidence, with gaps addressed by appropriate conditions in the grant agreement by day/month/year.
Human Resources	To establish and staff a Programme Management Unit (PMU) in the new Principal Recipient with the organogram and ToRs approved by the Global Fund.	90% of the positions in the new Principal Recipient PMU approved Organogram are filled with suitable qualified and experienced staff by day/month/year.
Legal	To ensure requirements for contracting non-governmental organizations (NGOs) include; a SR agreement template with annexes of the Performance Framework, Work Plan and Budget, for each nominated SR.	100% SR agreement templates are produced and agreed for government and NGO SRs, with 90% being implemented on time by day/month/year.
Documents and Procedures	To ensure coordination between the newly established national PR Programme Management Unit and the national coordination structures and systems (for planning and implementation).	Timely and accurate completion and submission of the Progress Update/Disbursement Request (PU/DR) by new national PR day/month/year.
Financial Management	To integrate national and Global Fund financial management and reporting requirements within a financial management system that includes an accounting package that captures financial data and generates accurate and consolidated financial reports.	100% of financial reports being produced through the financial management system by government and NGOs in all sub national areas, with 95% submitted on time by day/month/year.
Monitoring and Evaluation	To ensure a robust health management information system with good data collection and management which supports the delivery of health care by providing strategic information to inform policy making and programme decision making and enables the monitoring and measuring the performance of service delivery in each region in the country.	Monitoring plans in place and being implemented in all sub national areas. Quality data being received from government and NGOs with 90% submitted on time by day/month/year.
Procurement and Supply Chain	To identify restrictions related to procurement of pharmaceuticals and health products as per the Global Fund requirements and develop an action plan to address these. To strengthen and integrate supply chain systems and SOPs to gain greater efficiencies and cost savings, whilst improving the reliability and responsiveness to demand and consumption of health products.	Procurement plans in place and being utilized for all three diseases, that responds to the forecasted demand, provides value for money and meets X% of agreed deliver dates. Supply Chain Management plans in place and being utilized for all three diseases with a reduction in reported stock outs at a sub national level to X% by day/month/year.

Capacity Development Results - Evidence From Country Experiences

The UNDP – Global Fund partnerships with national entities supporting capacity development is generating a growing body of evidence and lessons learned to inform the next round of capacity development plans. The following country examples where UNDP has acted as interim Principal Recipient (PR) for Global Fund grants, provides an overview of how the approach has been adapted to strengthen national systems for health taking into account the country context;

Belarus – With support from UNDP, the Global Fund and technical input from WHO, Belarus has successfully rolled out a national electronic register that collects TB and MDR-TB patient information, laboratory results and drug inventory and distribution. The register is used by all TB hospitals and dispensaries and currently tracks 29,836 patients across Belarus. Facilitating real-time use of patient data, the register has made important contributions to improving treatment outcomes and continuity. In 2015 a joint transition plan was developed and implemented by the government, the Global Fund and UNDP to strengthen the national systems for health and enable a national entity to become PR in 2016.

Cuba – The national HIV response has benefited from a strong, functional health system and human capacity in health and social welfare domains. HIV-related programmes were built on strong foundations and for the most part, did not require the creation of new systems or parallel mechanisms. In addition to biomedical aspects, Cuba did not struggle to build and maintain health systems as much as many other countries did. Cuba more rapidly began to act on social and cultural aspects of the HIV pandemic, and built a more sustainable response. In addition the effective integration the health care of mothers and children with the health management of HIV, contributed to The World Health Organization declaring Cuba the first country to have eliminated the transmission of HIV from mother-to-child.

El Salvador - UNDP acted as interim PR of Global Fund grants from 2003. In preparation for a successful transition to national entities, UNDP worked with the Government of El Salvador and national stakeholders to develop their capacities to implement HIV and TB programmes and to address capacity gaps. The transition has been successful and since January 2015, El Salvador is managing and implementing Global Fund resources for the first time.

Iran – As a middle income country (MIC) Iran became no longer eligible for Global Fund support for the National TB Programme. In preparation for this the MOH and UNDP facilitated a consultation of national and provincial stakeholders to identify priority actions to ensure a sustainable transition of the Global Fund supported activities TB programme to national entities. The TB transition plan prioritized the resources available to ensure a continuation of services going forward.

Tajikistan – UNDP has invested resources over a 10 year period to compliment and lever the significant investment by the Global Fund, through the incremental strengthening of national processes and systems ranging from policy development to financial management systems for the main national entities. This culminated in facilitating the Government of Tajikistan adopting a Capacity Development and Transition Plan for the Ministry of Health, which lays out the activities, milestones and results required for transition to a national PR.

Zambia – A flexible partnership including the Ministry of Health, Medical Stores Limited, the Global Fund and UNDP designed and implemented a comprehensive Capacity Development Plan to strengthen national systems. This included developing an automated financial management system supported by the development and operationalization of a financial manual and SOPs and rolling this out with supporting hardware at a national level. Together with the strengthening and operationalization of supply chain management SOPs and Logistics Management Information Systems (LMIS) this has enabled over half a million people to receive ART treatment. Following a comprehensive approach to capacity development there was a smooth transition of the PR role from UNDP to the Ministry of Health. The new national PR was awarded new grants by the Global Fund worth US\$234 million in 2015 to fight HIV, TB and malaria in Zambia. The Ministry of Health (MOH), the Global Fund and UNDP continue to work in partnership to further strengthen MOH Sub-recipients, in particular at a provincial level to improve performance and service delivery.

Zimbabwe - Central to the Ministry of Health and Child Care (MOHCC) strengthening systems for health is the national Public Financial Management System (PFMS) having the capability to manage and report on government and donor funds including the Global Fund. UNDP facilitated the preparation and implementation of a comprehensive Capacity Development Plan in 2015. The critical success factor is the roll out of the PFMS at a provincial and district level. UNDP has supported MOHCC and the Ministry of Finance to develop a grant management module for the PFMS to track and report on donor funds in the health sector. The PFMS system has been rolled out at a provincial level and a road map is being implemented to reach every district, taking into account the constraints faced at a local level. This reform when complete will be the first time a sector in Zimbabwe will have a fully functional PFMS able to carry out financial management and reporting on a real time basis.

Capacity development and Transition Planning Process

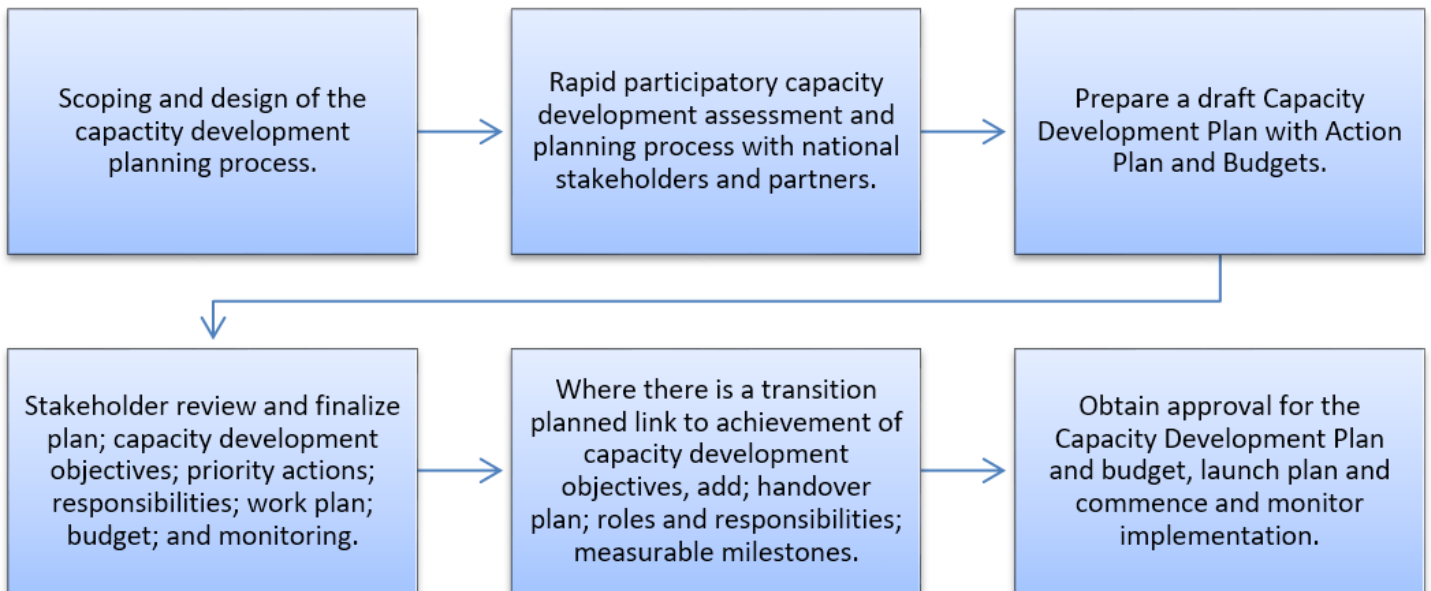
A participatory capacity development planning process involving key stakeholders and partners is facilitated to support countries where UNDP is acting as interim Principal Recipient (PR) for Global Fund grants, full details of the process can be found [here](#). The same process has been adapted to support national disease responses where UNDP is not acting as interim PR. The main steps include;

- To provide remote and in-country advice and support together with relevant knowledge resources and tools to support the capacity development assessment, planning and implementation processes.

- To support the scoping of the capacity development planning process and adapting, developing and utilizing capacity development templates and tools.
- To conduct a desk review of existing assessments, plans and evaluations, including previous capacity development work, audit reports, Local Fund Agent (LFA) assessments, Technical Review Panel (TRP) reviews etc.
- To facilitate a rapid participatory capacity development scoping, assessment and planning process with national stakeholders and partners.
- To prepare a draft Capacity Development Plan with Action Plan and budget based on the outputs of the participatory planning process.
- To facilitate a review of the draft Capacity Development Plan with national stakeholders and partners to finalize; i) the capacity development objectives; ii) the priority actions; iii) who will be responsible; iv) the implementation work plan; v) the budget and vi) the monitoring arrangements of the plan.
- To gain any approvals required for the Capacity Development Plan and budget, have a formal launch and commence implementation.

In the countries where there is to be a transition from UNDP as the interim PR to national entities, transition activities are added to the plan linked to the achievement of the capacity development objectives. In addition, a clear handover plan of roles and responsibilities on the achievement of measurable milestones helps to ensure continuation of life saving services. To help mitigate the risks a number of countries elect for a phased transition, starting with areas such as programming, M&E and supply chain management, testing financial systems with UNDP providing a backup system and finally deciding on the options for procurement. A Capacity Development and Transition Framework Tool can be accessed [here](#).

The diagram below illustrates the capacity development and transition planning process:



Capacity development and Transition - Lessons Learned

There are some emerging lessons learned that can be applied to the capacity development and transition planning and implementation process, to help ensure the results are sustainable;

- The need for national vision and leadership to ensure ownership of the process and the results.
- To be responsive to the political context and priorities and gain consensus on the capacity development and transition interventions using evidence based approaches.
- To use a phased approach to transition to mitigate risk, develop resilient programmes and sustain life saving services.
- To use a facilitated participatory process to engage stakeholders and partners in conducting evidence based assessments, prioritized action planning and agreeing measurable milestones.
- To have a rationale for the return on investment in the functional capacities and strengthening systems as a key building block of resilient national disease responses.

Further information and Tools

The **UNDP Capacity Development Toolkit** has recently been redesigned and updated to provide guidance and tools. For further information please contact the UNDP Senior Capacity Development Advisor: Nigel.Coulson@undp.org.