Grant Scorecard

Grant Number: PRK-810-G02-T

BOARD VERSION

Current grant currency (Phase 1 currency):	**EUR**
CCM Requested currency for Phase 2:	**USD**
Secretariat recommended currency for Phase 2:	**EUR**

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Grant Number: PRK-810-G02-T

EXECUTIVE SUMMARY

GENERAL GRANT INFORMATION

Applicant Type	
Country	Korea (Democratic Peoples Republic)
Component	Tuberculosis
Round	8
Grant Title	Strengthening Tuberculosis Control in DPR Korea
Grant Number	PRK-810-G02-T
Principal Recipient	United Nations Children's Fund, PRK
Related Grants (all existing grants)	
Same proposal	
Same disease component	
Other diseases (Same PR)	PRK-810-G01-M

Proposal Lifetime (years)	9.41	**Lifetime Budget**	€ 43,370,706
Phase 1 Budget (1-2 year)	€ 15,654,693	**Original Phase 2 Budget**	€ 24,944,412 *
Program Start Date	15.Jun.2010		
Disbursed up to cut-off date	€ 14,540,708	**Disbursed funds as a % of the Phase 1 budget**	93 %
Undisbursed up to cut-off date	€ 1,113,985	**Undisbursed funds as a % of the Phase 1 budget**	7 %
Program End Date	14.Jun.2012		

SUMMARY CONCLUSIONS AND RECOMMENDATIONS

Secretariat Phase 2 Recommendation Overview

Phase 2 Rating	A2
Phase 2 Recommendation Category	Go
Incremental Phase 2 Amount Recommended for Board Approval	€ 22,099,422

* The TRP-Adjusted Phase 2 Amount includes the mandatory 10% savings as required by (GF/B26/DP7) for all grant renewals. As such, the PBF and efficiency savings include the 10% savings.

Secretariat Assessment of Overall Grant Performance

Programmatic Achievements

Eleven indicators, including seven Top Ten, have been used to assess programmatic achievements during Phase 1. At the last Progress Update review (for the October-December 2011 period), the average performance of Top Ten indicators was 107% and the average performance of all indicators was 103%, giving an overall quantitative indicator rating of A1. One indicator had 71% performance and all others had more than 95%. Seven indicators are directly tied to the grant.

TB prevalence has dropped from 459 per 100,000 population in 2008 down to 399 in 2010 (some 97,000 TB cases), and TB mortality dropped from 35 per 100,000 population in 2008 to 23 in 2010 (approximately 5,700 deaths according to the WHO Global TB Report 2011). If this downward trend is maintained, the Millenium Development Goals (MDG) targets for TB prevalence and mortality (halving the 1990 rates by 2015) will be achieved in Democratic Peoples Republic of Korea (DPRK). However, the incidence rate continues to be flat, with no sign of reduction. Additional efforts would be required to bring down TB incidence. The country has shown an excellent case-holding with treatment success rates reaching 90% and only about 2% of patients defaulting from their treatment.

The case detection rate in 2010 was estimated to be 101% (87-118). According to the WHO Global TB Report, between 2008 and 2010 notification of new smear positive cases has steadily increased from 28,026 to 31,240 and for the cases of all forms of TB it has increased from 72,541 to 84,648. However, as per figures reported by the Principal Recipient (PR), the total number of new smear positive (NSP) notified in 2011 was 29,415, which is a halt in the steady increase of the last few years. DPRK is now one of only a few countries that have more than 10,000 smear positive cases notified annually and have a TB notification rate of more than 300/100,000.

The WHO Global TB Report estimated that the incidence of all forms of TB cases in DPRK was 345 per 100,000 population in 2010, which corresponds to an estimated 84,000 new TB cases per year. Although no nationwide survey to estimate drug resistant TB has been conducted to date, it is currently estimated that the country has a 2.2% MDR-TB rate among new cases and a 17% MDR-TB rate among re-treatment cases. The country is currently planning to conduct a prevalence survey in Phase 2 of the grant, which will allow all the partners to obtain a precise estimation of the TB burden in DPRK.

The Global Fund currently provides 70% of the resources available for the National Tuberculosis Control Program (NTP) and its Strategic Plan for 2008-2015. The grant funds key components of the NTP, such as diagnosis and notification of TB cases, treatment of new and re-treatment cases, capacity building and monitoring of program implementation. This well-performing grant supports nearly all components of Stop TB across the whole country (except for Jagang province, representing 7% of the overall population).

DPRK has a strong track record of implementing active case finding based on an approach closely involving household doctors in the identification and referral of symptomatic individuals. High-risk populations, such as prisoners and contacts of smear-positive cases, are covered by the program as well. There is a strong political commitment in DPRK, which is demonstrated by an increasing trend in government funding for TB activities. In addition to the funding from the Global Fund, there is very good collaboration and support from other partners, such as Global Drug Facility, Global Alliance for Vaccines and Immunization (GAVI) and international NGOs such as Christian Friends of Korea and the Eugene Bell Foundation.

Overall, deficiencies are noted in a few areas. Monitoring and supervision activities need further improvement, the quality of sputum microscopy also has room for improvement, there are inadequate numbers of fully functional microscopy centers, External Quality Assurance (EQA) of microscopy centers do not meet international standards, the National Reference Laboratory still needs a proficiency certification/accreditation, and lessons from the existing MDR-TB program operated by the Eugene Bell Foundation still need to be incorporated. Other than these issues, the program is deemed to be performing well.

Financial Performance

The Global Fund grant is the biggest contributor to the NTP budget, providing 70% of the resources available through UNICEF as PR and the World Health Organization (WHO) as Sub-Recipient (SR). The remainder of the costs is borne by the government, with the exception of the limited scope external contribution from the Global Drug Facility (for technical assistance, pediatric drugs and drugs for Jagang province), the Christian Friends of Korea in partnership with Stanford University (for strengthening capacity of the National Reference Laboratory) and the Eugene Bell Foundation (for MDR-TB treatment and diagnosis).

The expenditure in Phase 1 is consistent with the achievement of programmatic results, and the overall financial performance of the PR/SR is deemed adequate.

As of the cut-off date (31 December 2011), the Global Fund disbursed to the PR an amount of Euro (EUR) 14,540,708 or 93% of the total Phase 1 budget.

The PR's cumulative budget (EUR 13,542,979) accounts for 89% of the total cumulative budget (EUR 15,185,841) at the cut-off date. The cumulative expenditure rate achieved at the PR level was 37% (EUR 5,048,810). If outstanding commitments are taken into account, then this rate reaches 77% (EUR 10,398,298, consisting of PR expenditure + committed amounts of EUR 5,349,488), which is acceptable and hopefully will be improved in Phase 2 with better procurement planning.

As a result, the PR's cash balance at the cut-off date is large (EUR 8,489,499). A substantial portion of the remaining cash balance constitutes either outstanding payments to be made for procurement of TB drugs and other health products (accounting for 66% of the cumulative expenditure variance). Significant delays in procurement during in Phase 1, combined with the delay in reporting procurement expenditure (which occurs upon delivery of products only, i.e. some 6-12 months after the budget is first made available), contributed to a low cumulative expenditure rate at the PR level. A number of payments for Human Resources (the budget of which was front-loaded in Year 1 of the grant) remain outstanding and further contribute to the low burn rate. This represents 15% of the expenditure variance.

The SR budget was 11% (EUR 1,642,863) of the total cumulative budget at the cut-off date. Out of this, the SR received EUR 1,002,399 (53%), of which EUR 571,622 (57%) were spent. At the SR level some EUR 137,000 in savings were achieved which were re-allocated to the procurement of TB drugs. Other amounts include commitments and delayed activities.

Based on the review of the forecast for the remaining Phase 1 period and after taking into consideration the outstanding liabilities of the PR and SR, it is expected that an amount of EUR 2,041,625 will remain available for Phase 2 at the PR and SR levels (calculated by taking PR and SR combined cash balance at cut-off EUR 8,920,276, minus EUR 6,878,651 forecasted for the remaining Phase 1 period of months 19-24).

It is noted that there have been several factors challenging the financial management of this grant in Phase 1, mainly outside of the PR's control:

1) Sharp increases in TB drug prices as well as global shortages of some key products (e.g. Streptomycin) created serious financial gaps for the program, and resulted in multiple budget revisions in order to reprogram several activities to cover the drug budget requirements. This has resulted in the procurement delays which are described above. Delays in procurement have also contributed to increased stock-out risks in country, although no stock-outs occurred during the Phase 1 period. This was compounded by the absence of a buffer stock as part of the Phase 1 procurement plan. This has been addressed in the forecasting for Phase 2.

2) Due to the fact that the grant was signed in EUR, there have been exchange rate losses (over EUR 380,000) resulting from multiple conversions (from EUR to USD at UNICEF headquarters, US dollar (USD) to North Korean Won (KRW) for local costs, KRW to USD and USD to EUR for PU/DR reports). Significant variances between budgeted amounts and actual costs have resulted in the need to adjust the budget and identify efficiency savings to cover the losses.

The effects of these two factors will be mitigated in Phase 2, as the budget and workplan were developed while taking into account program realities and lessons learned from Phase 1, including adjustments to the TB drug costs and forecasting (inclusion of buffer). The Phase 2 grant agreement will be signed in US Dollars (converted from EUR which is the original grant currency). This will lessen the effect of exchange rate fluctuations in the reporting of the PR and SR.

Grant Management

Overall, grant implementation was well managed. As an implementer of public health and development/relief programs with many years of experience in DPRK, the PR already had strong systems in place at the time of the grant agreement signing. The Global Fund grants are supported by five international staff at UNICEF, in addition to a team of national officers, many of whom have relevant professional backgrounds. At the SR level, WHO has four international staff members funded by the Global Fund and several national officers.

Both organizations have proved to be well organized and able to effectively coordinate between themselves and their national counterparts. However, the PR's supervision of SR-level activities could be improved, and this is being strengthened through better coordination on financial reporting at the SR level.

The PR and SR are also both deemed to be substantially compliant with all of the applicable terms and conditions of the grant agreement. Reporting to the Global Fund has been timely, though coordination with external stakeholder review of reports has not always been optimal. The PR's internal audit conducted in 2011 revealed no significant risks.

Procurement and supply management has been a challenge for DPRK grants, which the PR and its partners have managed to overcome to a large extent. It is acknowledged that the lessons learned in Phase 1 are adequately translated into the Procurement and Supply Management Plan of Phase 2. With the support of one additional international staff at UNICEF, it is expected that procurement and supply management (PSM)-associated challenges and stock-out risks will be reduced in Phase 2.

The issue of quality assurance of pharmaceuticals and health products has been raised recently in relation to the malaria grant Phase 2 review. Currently there is no WHO pre-qualified laboratory in the country where such quality assurance and quality control tests could have taken place. The PR has contracted technical assistance in order to develop an action plan towards the WHO pre-qualification of and overall capacity-building support to the National Quality Control Laboratory (NQCL).

The pharmaceutical and health products selection, forecasting & quantification, procurement, storage and distribution were adequate, but need to be further strengthened. There remain some shortcomings related to storage, particularly at the central level (Central Medical Warehouse), where renovations supported by the grant funds are currently ongoing. This will need to be finalized by the end of 2012. It should be noted, however, that the need for Category II kits, which had to be reconstituted from Category I & III kits, presented inventory management and distribution challenges for the PR.

Secretariat Assessment of External Factors and Governance specifically impacting on grant implementation

External Factors specifically impacting on grant implementation

The following external factors constitute risks to program implementation to varying degrees:

1) Financial risks:

- Fluctuations of multiple currencies involved in the transactions from the Global Fund and implementers (Euros, US Dollars, North Korean won).

- Implementation of new financial management software at UNICEF from January 2012 is a positive development towards the alignment of the PR's reporting with the Global Fund requirements. However, an initial adjustment period has been somewhat difficult for the program, especially when payment for many commitments were delayed. The PR has also been advised to work much more closely with the Global Fund to ensure consistency of their financial reporting during this adjustment period.

- There is a need for improved supporting documentation for training seminars (e.g. attendance sheets) and provision of local per diems. This will continue to be examined in Phase 2, however the risk is considered minimal given the level of funding currently provided for these activities (training represents less than 1% of the budget in Phase 2).

2) Country risks:

- Recent change in national leadership (succession of Kim Jong-il). Although international analysts seem to agree that Kim Jong-Un is likely to uphold the principles and policies promoted by his late father, it is currently unclear what future impact this change in leadership may have on the presence of international agencies and on the overall policy of the government towards external aid. However, there is no indication that this may affect grant implementation in the near future.

- Both Koreas remain technically at war. Should new diplomatic incidents occur, such as those in 2010, the political stability of the peninsula may again be threatened. Events in 2008-2010 have not resulted in negative impact for the grants themselves, except when the government of ROK (South Korea) withdrew its bilateral aid in 2009.

- Lack of transparency and differentiated levels of access: Some of the UN agencies and the Global Fund (and its implementers) do not receive the same level of access across the country. The reason given is the different nature of programs: short-term relief work versus longer term public health programs. Overall, management of administrative matters and local governance is rather opaque. Although clear mitigation measures are in place (funding limitations imposed on access-restricted areas, zero cash advance policy), there remains an element of incompressible risk inherent to the country's specific context.

- International commercial barriers/sanctions cause logistical constraints in obtaining quality health products, equipment and pharmaceuticals for the country in a timely manner. Based on the past experience, lead times for procurement activities have been taken into account in the Phase 2 PSM plan, but this only partially mitigates this risk.

Governance issues specifically impacting on grant implementation

The Country Coordinating Mechanism (CCM) of DPRK should be further strengthened and supported with a proper Secretariat, which currently does not exist due to difficulties in setting up a workable administrative/financial pass-through mechanism for CCM funding in country.

Although it is noted that the CCM of DPRK has expanded to include more partners (e.g. civil society representation), it is also noted that some multilateral/bilateral partners have disengaged from the process. Creating a proper Secretariat function to support and coordinate CCM activities may recreate the incentive for such partners to re-engage in what is essentially recognized as a valuable governance mechanism.

Secretariat Rationale for Recommendation Category

The overall performance of the program implemented by UNICEF was very strong with an average "All indicator" performance of 103% and performance of the Top Ten indicators of 107%, which corresponds to a quantitative (cumulative) indicator rating of A1. With a contribution of 70% of resources currently available to the National TB program, the grant has clearly contributed to a positive progress on indicators of outcome and impact. In particular, increasing case detection rates (above 85%) and case notification rates as well as maintaining treatment success rates over 90% per the program goals.

Quality of data in the country has shown to be strong as confirmed by a recent Data Quality Audit and five On Site Data Verification reviews over the course of Phase 1, but there are indications that the quality of diagnostic (sputum microscopy) and treatment services needs further improvement. Service quality will be one of the main focuses of the Secretariat's oversight of the Phase 2 implementation.

Procurement and supply management has been a significant challenge for the DPR Korea grants which the PR and partners have managed to overcome to a large extent. It is acknowledged that the lessons learned in Phase 1 are adequately translated into the Procurement and Supply Management Plan of Phase 2. With the support of one additional international staff at UNICEF, it is expected that PSM-associated challenges and stock-out risks will be much reduced in Phase 2.

Financial performance is acceptable with 77% overall expenditure rate at PR level, including outstanding commitments, while financial management systems at both PR and SR levels are robust. PR and SR are both deemed substantially compliant with all of the applicable terms and conditions of the grant agreement.

The programmatic proposal of Phase 2 is appropriate and generally aligned with the original grant proposal. Objectives and targets as proposed in the Performance Framework are deemed adequate to measure programmatic achievements in Phase 2; however, it is noted that some of the indicators/targets will need to be revised once the outcomes of the TB prevalence survey (planned in Year 3) will become available. Sustaining Phase 1 gains and maintaining current positive trends will be critical to the program's success in Phase 2. Capacity-building (laboratories, staff, treatment centers) to scale-up MDR-TB diagnosis and treatment will require the positive collaboration and commitment of all stakeholders.

Taking into account all of the above, the Performance rating of this grant is A2 and the Recommendation Category is "Go".

Secretariat Rationale for Recommended Phase 2 Amount

Overall, the financial proposal for Phase 2 is found to be aligned to the programmatic proposal and adapted to program implementation realities. It also takes into account important lessons learned from Phase 1, including the strengthening of procurement and logistics management capacity and forecasting of TB medicines, which will contribute greatly to reducing delays in the procurement and avoiding stock-out risks in country.

There is no material reprogramming included as part of this proposal. The budget for procurement of health products and pharmaceuticals constitutes the main portion of the grant (57%, including PSM-related costs). It is also noted that Human Resources, Planning & Administration and Overhead costs represent a significant portion of the budget (31%) and this is an area where efficiencies may be found during negotiations. However, considering the implementation of the Additional Safeguards Policy, it is difficult to avoid such costs.

Strategic importance is being given to the scale up of the MDR-TB component, which is a complex matter in DPRK, because of many sub-components needing to be built up at the same time.

Cost of drugs has been very unpredictable since the very beginning of this grant and further fluctuations cannot be ruled out. Therefore, the Secretariat has been very careful about budget reductions during the review of the CCM Request for Continued Funding. Further assessment will be made during the Phase 2 grant agreement negotiations process, during which the Secretariat may find further efficiencies and savings, and reduce the final Phase 2 amount accordingly.

The final amount recommended by the Secretariat for the period after the cut-off date is EUR 32,133,683 which reflects a EUR 2,158,355 reduction in the forecast for the final two quarters of Phase 1 (from EUR 9,037,006 down to EUR 6,878,651), as well as adjustments to the proposed Phase 2 budget of EUR 1,253,735 (5% reduction). The currency in Phase 2 will eventually be shifted to United States Dollars (USD).

Proposed Secretariat Board Conditions for "Conditional Go" Category

Issue	Condition	Deadline

Proposed Secretariat Conditions

Issue	Condition	Deadline

Proposed Secretariat Management Actions

Issue	Management Actions	Deadline
Procurement and supply management: the Principal Recipient experienced challenges in the procurement of anti-tuberculosis drugs and took some emergency measures to avoid their stock-out. This area needs to be closely monitored by the Principal Recipient in the Phase 2.	The Principal Recipient shall review the inventory levels for all categories of anti-tuberculosis drugs every six months. Based on this and on patient numbers, consumption trends and products in pipeline, the Principal Recipient shall revise the procurement and supply management plan as needed.	Every six months during Phase 2
Storage Conditions and inventory management needs to be further strengthened at all levels. This is especially urgent for the central level (the Central Medical Warehouse in Pyongyang).	The Principal Recipient shall submit to the Global Fund an Action Plan for the completion of storage facility renovations at the Central Medical Warehouse (Pyongyang). The Action Plan shall be prepared in collaboration with the Ministry of Public Health.	30 September 2012
Pharmaceuticals and Health Products Management Country Profile for DPRK is currently being developed by the Principal Recipient, Sub-Recipient and Ministry of Public Health. The Country Profile is a requirement that is designed to simplify the work of the implementers in the country, eliminating the need for grant-specific Procurement and Supply Management Plans. It also allows for a comprehensive follow-up of procurement and pharmaceuticals related issues.	The Principal Recipient will submit to the Global Fund the first draft of the Pharmaceuticals and Health Products Management Country Profile for DPRK.	31 December 2012
The in-country quality assurance and quality control mechanism for pharmaceuticals and Health Products does not meet the minimum requirements. For the purposes of the Global Fund grants, the Principal Recipient is using quality control laboratories outside the country as a temporary measure until the national capacity is built up and obtained the relevant certification and/or WHO pre-qualification.	The Principal Recipient will submit to the Global Fund a roadmap for strengthening/upgrading the National Quality Control Laboratory to meet WHO prequalification standards, or ISO17025 certification. This roadmap will be developed in close coordination and consultation with the local stakeholders.	30 June 2013
Principal Recipient's and Sub-Recipient's indirect cost recovery fees for the Phase 1 activities are currently not reconciled, leaving unused funds at the headquarters of these two UN agencies.	The Principal Recipient and Sub-Recipient shall make a reconciliation of indirect costs charged by their respective headquarters against the actual expenditure incurred in Phase 1, and identify the savings (overhead fees charged against unspent funds).	Prior to Phase 2 grant agreement signing
Procurement and Supply Management Plan and Workplan/Budget for Phase 2 of the grant are not yet aligned.	The Principal Recipient shall submit to the Global Fund a revised PSM Plan that is aligned with the Phase 2 budget.	Prior to Phase 2 grant agreement signing
TB Prevalence survey needs careful planning	Prior to the initiation of the prevalence survey, the Principal Recipient shall submit to the Global Fund a WHO-approved survey protocol.	Prior to the initiation of the prevalence survey

Targets for fully functional laboratories have not been met.	The Principal Recipient shall submit to the Global Fund a plan for meeting the targets for fully functional laboratories.	31 December 2012
External Quality Assurance of microscopy centers needs improvements.	In collaboration with partners, the Principal Recipient shall ensure that the External Quality Assurance protocol will be updated and include all three recommended components. Assessments should be followed up with recommendations and corrective actions. Supervisors should be trained as per the revised protocol and should systematically carry out on-site evaluations. Laboratories with poor performance should get additional supervision based on approved checklists and should include feedback and follow-up on the recommendations.	30 June 2013
Strengthening of laboratory functioning in the National TB Control Program	The Principal Recipient, in collaboration with partners, shall take all necessary actions to ensure that the National Reference Laboratory receives proficiency certification.	30 June 2013
The ability of the NTP to scale up enrollment of MDR-TB patients in Phase 2 and ensure their follow-up is not assessed and remains unclear.	In collaboration with partners, the Principal Recipient shall deliver to the Global Fund a WHO report confirming the ability of the NTP to scale up the enrollment of MDR-TB patients in Phase 2 and ensure their follow-up.	31 December 2012

COUNTRY AND PORTFOLIO ANALYSIS

COUNTRY ANALYSIS

Contextual Information

Please describe the situation of the below issues with particular emphasize on key changes and the effect of these on grant implementation. Elaborate on mitigation strategies and material changes adversely affecting grant performance.

Political environment

For decades, the government of DPRK has been committed to implementing the Juche philosophy, which regards independence, self-reliance and self-defense as key principles. As such, the country has heavily relied on its own resources and capacity for development. Consistent with this philosophy, the health system is funded entirely by the public sector and it is a typical socialist health care system (free universal health care) introduced in the early 1950s.

However, it seems DPRK is beginning to slowly modify its rigid policy of self-reliance. These gradual changes are more commonly known as the open-door policy, and include an increasing emphasis on foreign trade, a readiness to accept direct foreign investment by enacting a joint venture law, a decision to open the country to international tourism, and economic cooperation with South Korea.

As the two Koreas are still technically at war, the DPRK government maintains tight control on the information from its agencies, citing national security concerns. This includes information on financial management systems and access to records and books of the Ministry of Public Health (MoPH) and premises of its agencies. As a result, the Global Fund grants to DPRK are managed under the provisions of the Additional Safeguards Policy, with the PR and SR being UN agencies and MoPH operating on a "zero" cash advance basis.

In December 2011, the top leader of the DPRK since the middle of 1990's, Kim Jong-il died due to illness, leaving the country's leadership to his son, Kim Jong Un. Media reports, including those from the state-run North Korean news agency, KCNA, indicate that the new leadership of the country is continuing the policy of the previous leader, with no signs of major upheaval or serious reforms in the near future. No changes that would affect the Global Fund grants and their implementers (UNICEF, WHO and MoPH) have been reported.

Economic situation

In the early 1990s the disintegration of the communist block led to a sudden collapse of economies across a number of socialist countries, including DPRK. The economic downfall was further accelerated by limited international aid, economic sanctions and natural disasters, including severe droughts and flooding that occurred in rapid succession for several years.

DPRK remains a low income country according to the World Bank classification. The per capita gross domestic product (GDP) dropped from USD 991 in 1990 to USD 463 in 2000. The period 2000-2004, however, witnessed a turnaround with the per capita GDP increasing by 4.9% annually. However, the GDP growth slowed down in the past several years. The 'UN Overview of Needs and Assistance 2011' suggests that in 2009 the GDP contracted by -0.9%.

In recent years, small scale private entrepreneurship has emerged in the country. At the same time, direct foreign investment has been on the rise with Chinese companies taking the lead. One of the most notable foreign direct investment projects is the Egyptian mobile phone operator, Orascom Telecom, operating a cellphone service, which now has over a million North Korean subscribers, about 8-9% of the adult population (15-49 of age).

Social situation

The challenging economic situation is affecting the lives of ordinary citizens, and coupled with chronic shortages of food over the past two decades, has affected the health and nutritional status of the entire population, including the most vulnerable age groups, such as children.

The population of the country is very homogeneous in terms of ethnicity and race. There is an exceptionally high adult literacy rate. However, due to the lack of infrastructure, equipment and electricity, use of modern information and communication technology and the Internet has been limited to a very small proportion of the population. Access to information has been tightly controlled by the government, though recent reports from the media suggest that North Koreans are becoming relatively better informed about the world outside their borders.

There seem to be no safety concerns in the country. The media is not reporting any civil unrest with political and/or socio-economic motivation, and the official crime rates are always reported as being low.

Legal context

There have been no material changes in the legal framework regulating the Global Fund supported programs since the start of Phase 1. The Global Fund is not aware of the existence of legal blocks in implementation of TB control activities from the side of the NTP, the MoPH, or any other government agency.

The country is subject to international sanctions which hinder the operation of programs funded with foreign aid because of challenges to procure overseas manufactured products into the country.

In 2010, the Government of DPRK developed a Medium Term Plan for Development of the Health Sector in the DPRK (2010-2015). This Plan outlines the government's commitment to the development and maintenance of the primary health care system. The primary health care system is the main channel of delivering health services to the majority of the population.

Epidemiological situation

While TB incidence has been very low in DPRK since the mid-1970s (less than 38/100,000 in 1994), it rose from the mid-1990s as a result of the economic crisis and the general decline in health, reaching 220/100,000 by the end of 2002.

As a result, DPRK is now one of only a few countries that have more than 10,000 smear positive cases notified annually and a TB notification rate of more than 300/100,000. According to the WHO Global TB Report 2011, the estimated incidence of all forms of TB cases in 2010 was 345 (295-398) per 100,000 population, which corresponds to an estimated 84,000 (72,000- 97,000) incident TB cases per year. TB prevalence was estimated at 399 (100- 698) per 100,000 population for 2010 which corresponds to estimated 97,000 (24,000- 170,000) prevalent TB cases. Mortality due to TB has been estimated at 23 (17- 39) per 100,000 population which corresponds to 5,700 (4,100-9,400) deaths per annum in the country.

The case notification rate of all forms of TB cases for the year 2010 was 396 per 100,000 populations, which ranged widely from 297 per 100,000 population in Pyongyang, to 547 per 100,000 population in Rason city. In 2011, the NTP achieved a case notification rate for all forms of TB of 407 per 100,000 population, which is more than the estimated prevalence of TB mentioned above. The case notification rate of NSP cases was 128 per 100,000 population. There has been a steady increase in notification rates since 2006 when the case notification rate of all forms of TB was 220 and that of NSP cases was 78 per 100,000 population. Considering this, it is expected that with current levels of support, the NTP will maintain a steady but slower increase in the case notification rate.

The majority of detected cases are not in the "elder population" group, which seems to point to a somewhat serious TB epidemic within the community. Based on the currently available information, the technical partners are suggesting that the TB burden in DPRK may be potentially higher than that of some of the 22 High Burden Countries, such as Cambodia and Afghanistan.

The NTP maintained a very high treatment success rate for many years. The treatment success rate among cases registered in 2009 and reported in 2010 was 90.3%. Treatment success rate reported in 2011 was 90%. The default rate in 2010 was 2% and in 2011 was 2.3%.

As per WHO estimates, DPRK has an estimated 2.2% MDR-TB rate among new cases and a 17% MDR-TB rate among re-treatment cases. No nationwide survey to estimate drug resistant TB has been conducted in the country to date. The National Reference Laboratory for culture and Drug Susceptibility Test (DST), established at the central TB Institute in Pyongyang with the support of Stanford University and Christian Friends of Korea, will also provide MDR-TB diagnostic capacity to the program.

Given the above TB prevalence and mortality declining trends, if current progress is maintained it is realistic to expect that international targets of halving TB prevalence and mortality by 2015 compared to 1990 rates can be achieved. However, the TB incidence rate has remained flat. Given the excellent TB case detection and case-holding trends in the last several years, it is likely that the incidence of TB would decline so that that the MDG target for TB incidence will also be achieved.

The NTP has preliminary plans to conduct a TB prevalence survey in Phase 2 which will give a better estimate of MDR-TB in the country.

Based on the available information, please comment whether the compliance with counterpart financing requirements has been met per the threshold based on the income classification for the country. If no, please provide the necessary justifications for non-compliance as well as the actions planned during the next Implementation Period to move towards reaching compliance.

Based on the information provided by the CCM, the government contribution to the NTP costs is 28%. This is well beyond the 5% threshold applicable to DPRK (as a low income country), and thus the request is deemed fully compliant.

DPRK has no access to international financing through institutions such as the World Bank, the International Monetary Fund or the Asian Development Bank. The limited international support provided to the country has mainly been focused on humanitarian aid.

The Global Fund and GAVI are the two main donors to the health sector of DPRK. With the exception of limited amounts provided for TB drugs through the Global Drug Facility and WHO, the Global Fund is the only international donor for the national TB and malaria programs, funding nearly 70% of the NTP and roughly the same proportion of the national malaria program.

TB control remains a health sector priority for the government of DPRK. The NTP is based on the globally recommended DOTS Strategy which was initiated in the country in 1998 in a phased manner, and by 2003 the entire country was covered. Until the introduction of the Global Fund grant, WHO had been supporting the entire supply of anti-TB drugs through the Global Drug Facility grant and had also been providing limited support for trainings, supervision and laboratory strengthening.

The health expenditure by DPRK is about 6% of total government spending. Within the health sector, about 2.5 -3% is allocated to the TB program with plans to increase this figure on a yearly basis. About half goes to cover salaries for medical and paramedical staff, 20% is earmarked for infrastructure and consumables and the rest is for administration, building maintenance, medical equipment, training and supervision at central and provincial levels.

The government has committed to increasing the budget allocation for the health sector from its revenue from 6.1% to 7% (Medium Term Strategic Plan for the Development of the Health Sector in the DPRK, 2010-2015, page 15). In addition to increasing internal allocation to the health sector in general and the TB program specifically, the government plans to continue making efforts to raise funds through external donors.

Based on your analysis, please comment whether the focus of proposal requirement has been met per the threshold based on the income classification for the country. If no, please provide the necessary justifications.

Due to government restrictions on its records and facilities, the DPRK portfolio is managed under the Additional Safeguards Policy. The PR and SR are UN agencies, while the MoPH is acting as an implementing partner working with the PR and SR on a "zero" cash advance basis. Therefore, the program is running as a partnership of UN agencies and the government.

The DPRK CCM has recently been expanded to allow for increased participation of representatives from nongovernment sectors and people living with the diseases. The CCM mechanism is new in DPRK and has shown to be effective in facilitating proposal development and submission. However, there is room for improvement in the functioning of the CCM in its role of an oversight body.

PORTFOLIO ANALYSIS *(PROVIDED INFORMATION DEPENDING ON DISEASE COMPONENT)*

Number of grants by disease and PR

	Malaria	Tuberculosis	Total
Multilateral Organization: Other	1	1	2
Total	**1**	**1**	**2**

Overview of Portfolio Financing

	Malaria	Tuberculosis	Total
Approved Maximum	$ 21,073,732	$ 20,670,861	**$ 41,744,593**
Total Funds Disbursed	$ 13,154,763	$ 18,927,473	**$ 32,082,236**

Committed funds by Round and disease

	Malaria	Tuberculosis	Total
Round 8	$ 14,431,339	$ 19,208,308	**$ 33,639,647**
Total	**$ 14,431,339**	**$ 19,208,308**	**$ 33,639,647**

Grants in detail

Component	Round	Grant No.	PR	Grant age (months)	Financial performance				Latest performance rating
					Total grant amount	Disbursed to date	Percent disbursed	Time elapsed	
Malaria	8	PRK-810-G01-M	United Nations Children's Fund, PRK	28	$14,431,339	$13,154,763	91 %	79 %	x
Tuberculosis	8	PRK-810-G02-T	United Nations Children's Fund, PRK	24	$19,208,308	$18,927,473	99 %	79 %	A2

Legend	A1 (> 100)	A2 (90% - 100%)	B1 (60% - 89%)	B2 (30% - 59%)	C (< 30%)

Please provide a summary of the objectives of each of the grants in the portfolio and describe the linkages.

There are two Global Fund grants in DPRK (Malaria and TB) which were signed and started in March 2010 and June 2010 respectively.

The Round 8 malaria grant is designed to enhance malaria case management by maximizing the use of confirmatory diagnosis and delivery of effective anti-malarial treatment, scaling up of an integrated approach to prevent and control malaria, integrating community involvement as a successful way to raise awareness on the prevention and management of malaria, and enhancing components of the national malaria control program and health system through capacity building and monitoring and evaluation.

The Round 8 TB grant aims to provide DOTS services to all tuberculosis patients, sustain current successes and improve case detection and treatment success rates, establish partnerships with non-health sectors to increase access to quality TB services, improve advocacy, communication and social mobilization to improve awareness and utilization of services, develop and implement interventions under DOTS-Plus for the management of MDR-TB, and contribute to the overall strengthening of the health system.

Linkages between the malaria grant and the TB grant are purely administrative. The same PR and SR are involved in both grants and work with the MoPH as an implementing partner. A major part of the PR's international staff costs are covered under the TB grant and reported thereunder, while the SR-level international staff costs are budgeted and reported under the malaria grant. However, the PR and SR international staff are involved in managing both grants, irrelevant of the grant from which their funding comes from.

PROGRAM DESCRIPTION AND GOALS

Program Description Summary

Korea (DPR) had successfully controlled the TB epidemic until the 1990s. However, for a number of reasons, the incidence of TB in Korea (DPR) then increased rapidly and became one of the highest in the region, reaching 344 per 100,000 people in 2008. The National TB Control Program in Korea (DPR) implemented DOTS following the standard World Health Organization guidelines in 1998 and achieved nationwide coverage by the end of 2003. The program supported by this grant will expand DOTS and implement newer interventions in support of the country's strategic plan.

Program Goals and Impact Indicators

Goal Description	Indicator	Indicator Name
To reduce the burden of TB in DPR Korea	Impact Indicators	TB incidence rate
		TB mortality rate
	Outcome Indicators	Case detection
		Treatment success rate
		Case Notification Rate: All forms TB Cases

Grant Scorecard

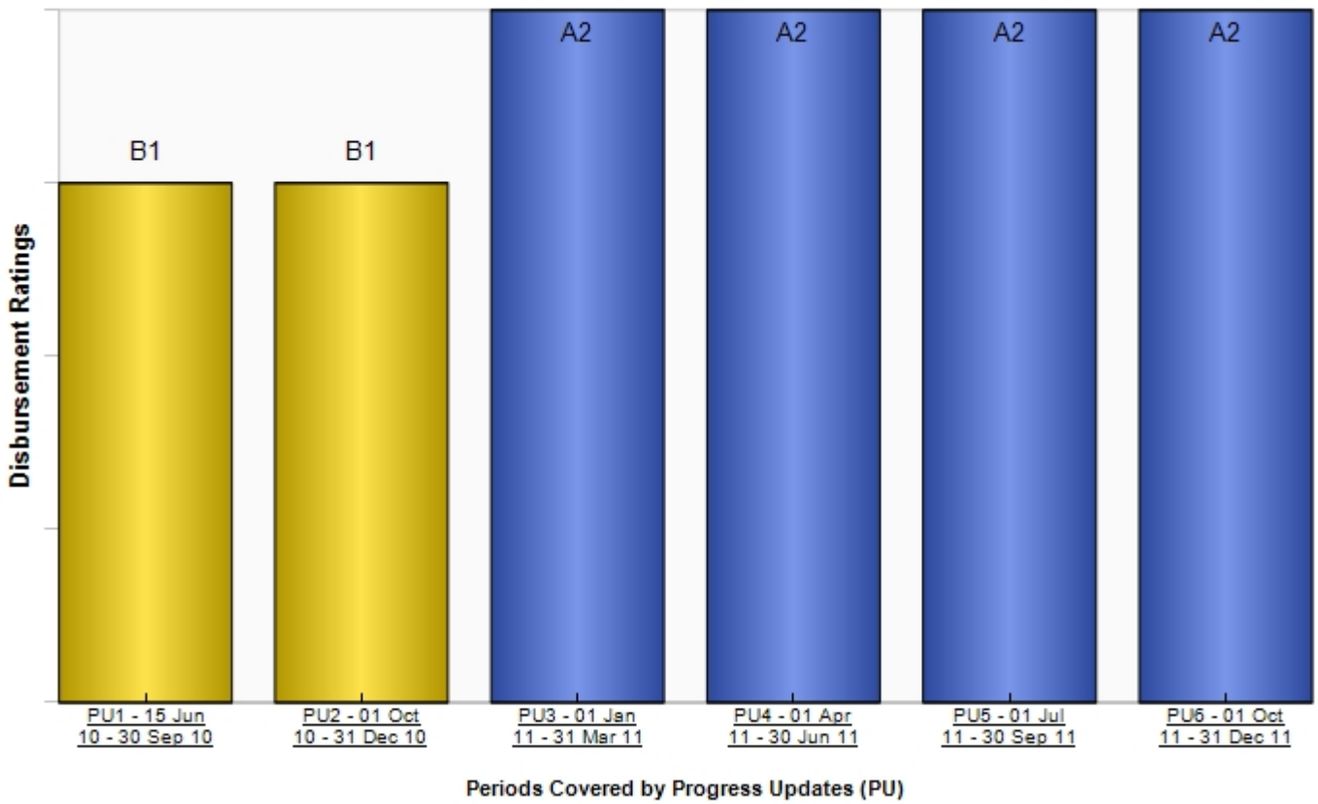
Grant Number: PRK-810-G02-T

PHASE 1 PERFORMANCE

GRANT PERFORMANCE OVERVIEW

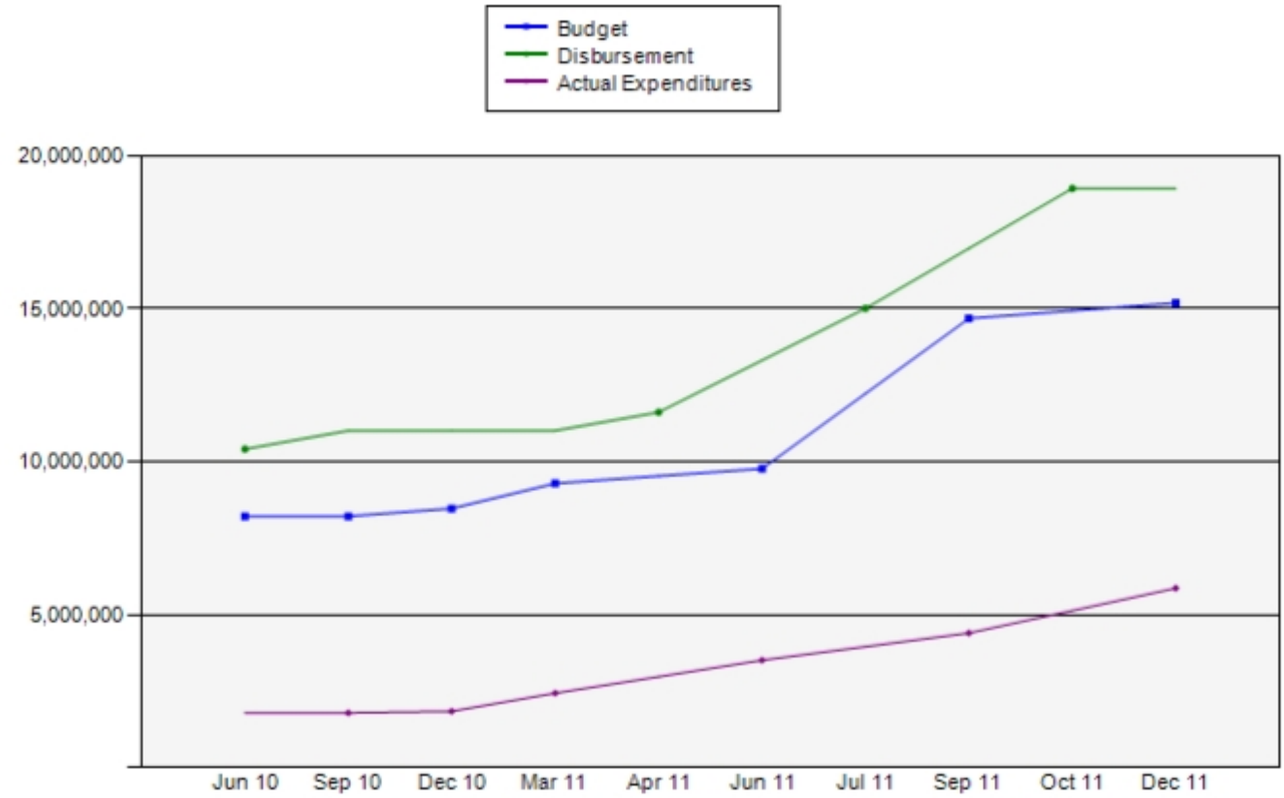
Latest PU	Latest TGF Rating	All Indicator Perf.	Top 10 Indicator Perf.	Time Elapsed	Disbursed to Date	Fulfilled CPs	Expenditure Rate	Latest Disbursement Date
01.Oct.2011 - 31.Dec.2011	A2	103%	107%	19 Months (79%)	$ 18,927,473	11/17	39 %	26.Oct.2011

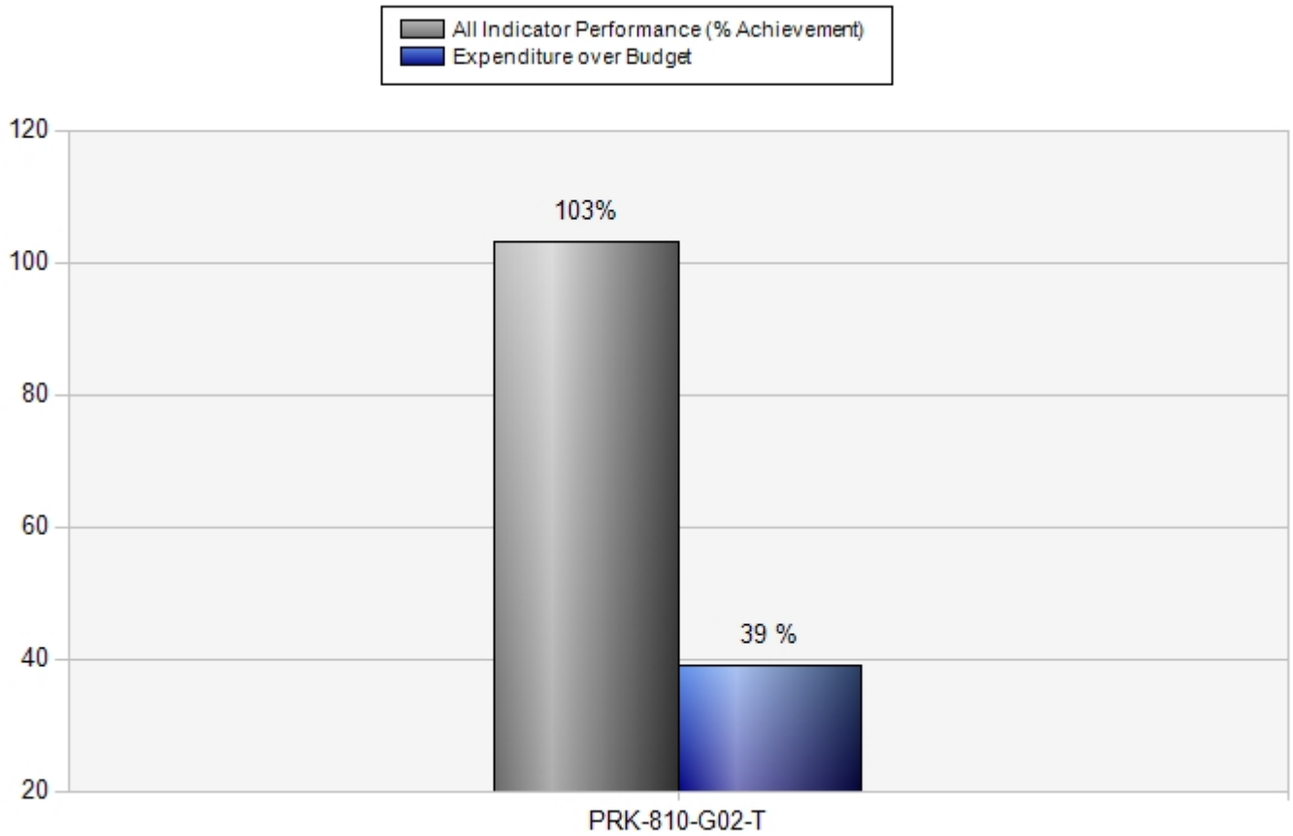
Legend	A1 (> 100)	A2 (90% - 100%)	B1 (60% - 89%)	B2 (30% - 59%)	C (< 30%)



Grant Scorecard

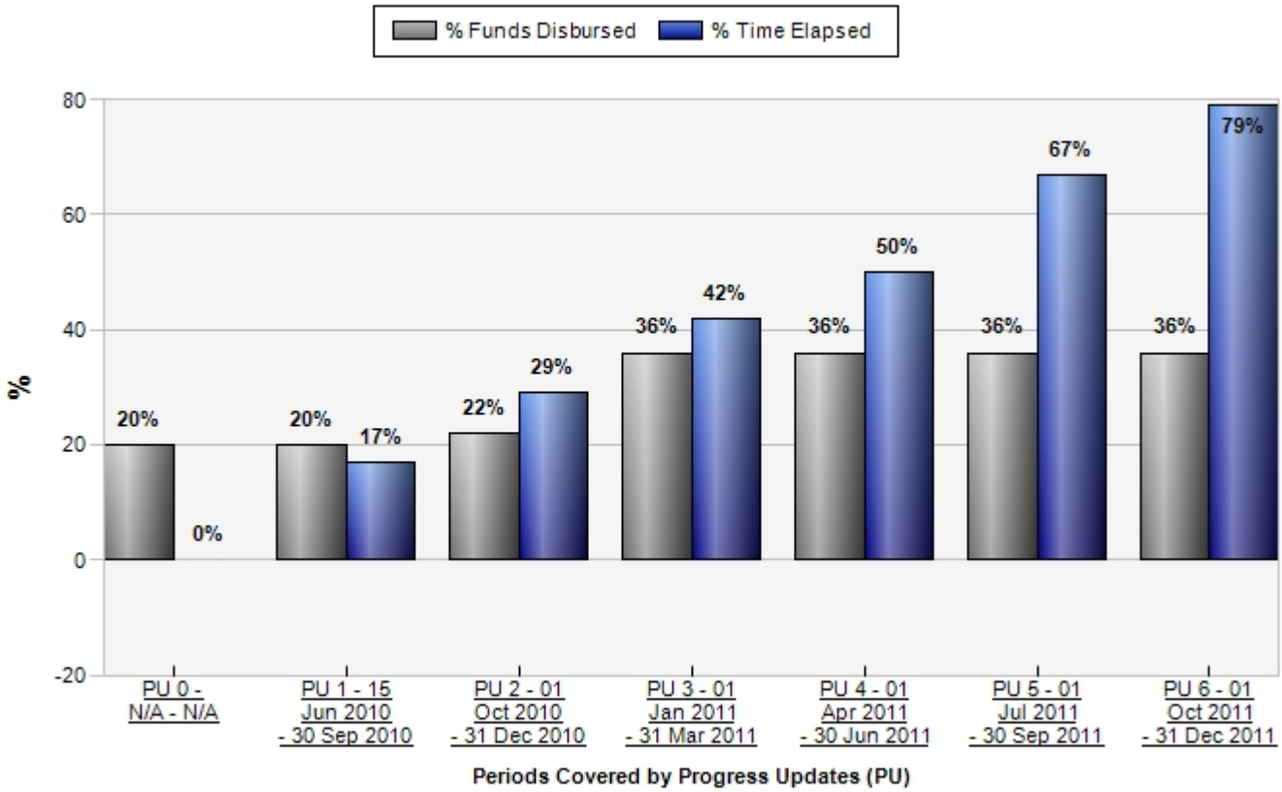
Grant Number: PRK-810-G02-T





Grant Scorecard

Grant Number: PRK-810-G02-T



FINANCIAL PHASE 1 PERFORMANCE

Are there any undisbursed funds or available cash from Phase 1? Yes

If yes, please explain the reasons for it (activities not performed, savings realized,...)

At the cut-off date there were undisbursed funds at the Global Fund in an amount of EUR 1,113,985 and a cash balance at the PR and SR (combined) of EUR 8,920,276. The cash balance is largely explained by the delay in payment for TB drugs and health equipment.

Based on the review of the forecast for the remaining Phase 1 period and after taking into consideration the outstanding liabilities of the PR and SR, it is expected that an amount of EUR 2,041,625 will remain available for Phase 2 at PR/SR level (calculated by taking PR/SR combined cash balance at cut-off EUR 8,920,276, minus EUR 6,878,651 forecasted for the remaining Phase 1 period (months 19-24)).

This amount differs from the projections provided in the CCM Request where the forecast for Months 18-24 is substantially larger (EUR 9,037,006) than the verified forecast in the disbursement request for the same period (EUR 7,787,439), which is the figure used in this scorecard.

Was the Phase 1 expenditure in line with targets achieved in Phase 1? Yes

Please explain

The Phase 1 expenditure is consistent with the achievement of programmatic results, and the overall financial performance of the PR and SR is deemed adequate.

PR Variance analysis:
The PR's cumulative budget (EUR 13,542,978.73) accounts for 89% of the total cumulative budget (EUR 15,185,842.03) at the cut-off date (end of Period 6). The cumulative expenditure rate achieved at the end of Period 6 was 37%, excluding commitments.

The PR's cash balance at the cut-off date was large (EUR 8,489,499) mainly due to payments for procurement being reported only after delivery of products (causing six to 12 months of delay in reporting), delayed payment (some payments for expenditures incurred in 2011 were delayed due to the roll-out of a new financial management system at UNICEF at the end of 2011), balance from Human Resources costs and other delayed activities.

If outstanding commitments are taken into consideration, then the cumulative expenditure rate (at the PR level) would be 77% (EUR 10,398,298, consisting of PR expenditure EUR 5,048,810 + committed amounts at Period 6 end EUR 5,349,488), which is acceptable.

SR Variance Analysis:
The SR was allocated 11% (EUR 1,642,863.30) of the total cumulative budget at the cut-off date. Out of this, EUR 1,002,399 (61%) was disbursed to the SR and EUR 571,622 (57%) was spent. At the SR level, some EUR 137,000 in savings was achieved which was re-allocated to the procurement of TB drugs.

The total expenditure rate up to the cut-off date was 71% (EUR 10,969,920 expenditure and commitments at PR and SR levels combined).

It is also important to note that there have been several factors challenging the financial management of this grant in Phase 1, mainly outside of the PR's control:

1) Sharp increases in TB drug prices as well as global shortages of some key products (e.g. Streptomycin) created serious financial gaps for the program, and resulted in multiple budget revisions in order to reprogram several activities to cover the drug budget requirements. This resulted in the procurement delays described above. Delays in procurement have also contributed to increased stock-out risks in the country, although no stock-outs occurred during the Phase 1 period. This was compounded by the absence of a buffer stock as part of the Phase 1 procurement plan. This has been addressed in the forecasting for Phase 2.

2) Due to the fact that the grant was signed in EUR, there have been exchange rate losses (over EUR 380,000) resulting from multiple conversions (from EUR to USD at the UNICEF headquarters, from USD to KRW for local costs, KRW to USD and USD to EUR for PU/DR reports). Significant variances between budgeted amounts and actual costs have resulted in the need to adjust the budget and identify efficiency savings to cover for the losses.

The effects of these two factors will be mitigated in Phase 2, as the budget and workplan were developed while taking into account program realities and lessons learned from Phase 1, including adjustments to the TB drug costs and forecasting (inclusion of a buffer). The Phase 2 grant agreement will be signed in US Dollars (converted from EUR which is the original grant currency).

Secretariat Conclusions and Recommendations - Financial Aspects of Phase 1 Performance

In general, the Phase 1 expenditure is consistent with the Phase 1 achievement of programmatic results, and the overall financial performance of the PR and SR is deemed adequate. The PR level cumulative burn rate was approximately 77% (commitments included) while the cumulative burn rate at the SR level was 57%. Delays in payment for procurement and front-loading of Human Resources costs accounted for over 80% of the cumulative expenditure variance.

A significant exchange rate loss (over EUR 380,000) occurred in the first 18 months of the grant. It is expected that by shifting the grant to US Dollars, the effect of exchange losses would be somewhat mitigated. This would also simplify PR and SR financial reporting.

An amount of EUR 2,041,625 of Phase 1 funding remains available for Phase 2 at the PR and SR levels and EUR 1,113,985 remains undisbursed at the Secretariat level. n/a

PROGRAMMATIC ACHIEVEMENTS AND MANAGEMENT PERFORMANCE

Top 10	Train.	#	Active Indicator Name	Target		Result		Percentage
				Period	Value	Period	Value	
Top 10	No	1.1	Number and percentage of new smear positive TB cases that are successfully treated, of all new smear positive cases registered	6	N: 11,900 D: 14,000 P: 85 %	6	N: 13,897 D: 15,427 P: 90.1 %	106 %
Top 10	No	1.2	Number of new smear positive TB cases registered during the reporting period	6	14,787	6	14,194	96 %
Top 10	No	1.3	Number of new smear positive cases detected among women over the age of 25, of all new cases registered	6	3,696	6	4,420	120 % *
	No	1.4	Number of fully functional microscopy centers in place	6	307	6	219	71 %
	No	1.5	Number of laboratories showing adequate performance among those that received External Quality Assurance (EQA) for smear microscopy during the reporting period	6	N: 268 D: 297 P: 90.2 %	6	N: 205 D: 219 P: 93.6 %	104 %
	No	1.6	Number and percentage of counties submitting timely reports on the stock status of first line anti TB drugs	6	N: 190 D: 190 P: 100 %	6	N: 190 D: 190 P: 100 %	100 %
	No	1.7	Number of counties visited by provincial supervisory team for monitoring competencies (DOTS centers)	6	90	6	90	100 %
Top 10	Yes	2.1	Number of health workers/doctors in non-health sectors (railways, police, defense, etc.) trained during the reporting period	6	4,420	6	6,038	120 % *
Top 10	No	3.1	Number of people reached through sensitization workshops at provincial and county levels (among People's Committees, Youth Leagues, Women's Associations and Trade Unions)	6	5,808	6	5,824	100 %
Top 10	Yes	5.1	Number of county level staff trained in TB program management	6	570	6	646	113 %
Top 10	Yes	5.2	Number of laboratory staff trained in EQA for microscopy	6	46	6	46	100 %

* Individual indicators should have a maximum score of 120%, when calculating the mean.

** The Results reported ealier than expected are rewarded with a 120% achievement.

Value for Reporting Period missing. The nearest preceding value is taken if available

Value of the first valid Target, for an Early Reporting scenario.

Performance Rating	All Indicator or Top Indicator Score
A1	>100
A2	90%-100%
B1	60% - 89%
B2	30% - 59%
C	< 30 %

Cannot Calculate Scenarios	
S1	Target and Result are in different value types
S2	Target and Result are entered as Text. % Achievement is missing.
S3	Target is zero
S4	Result is zero for indicator requiring reverse calculation.
S5	Numerator/Denominator/% value incomplete

AVG performance on TRAINING Indicators	111%
AVG performance on TOP TEN indicators (including TRAINING)	107%
TOP TEN indicators rating	A1
AVG performance ALL indicators	103%
ALL indicators rating	A1
Number of TOP TEN indicators with B2 or C Rating	0
Quantitative Indicator rating	A1

How does the grant contribute to the achievement of national targets? Please indicate the contribution of specific indicators.

As the main source of external funding support, the Global Fund grant currently funds some 70% of the budget for the NTP in line with the Strategic Plan for 2008-2015, with the aim of enabling the expansion of DOTS and allowing for the introduction of newer interventions such as MDR-TB management. Going forward, the needs for the program are estimated at over 90 million USD over the course of the next three years.

The grant is designed and implemented to support the key goals of the national strategic plan, such as
* Increasing early diagnosis and case detection of all forms of TB, in excess of 85% (including children and those with MDR-TB, confirmed through quality smears, cultures or other diagnostic tests),
* Sustaining of uniformly high treatment success rates above 90% across all provinces and counties,
* Halving TB mortality by 2015, and
* Halving of prevalence of TB cases by 2015.

More specifically, the grant supports the following objectives:

Objective 1- Providing DOTS services to all TB patients, sustaining current successes and improving case detection and treatment success rates: The Global Fund grant currently provides all of the funding for first and second-line drugs (exception being Global Drug Facility-supported first line TB drugs for Jagang province and pediatric TB drugs - representing less than 2% of TB program budget). Global Fund grant is supporting the procurement of new microscopes, laboratory reagents and X-ray machines in support of case detection capacity, as well as the expansion of laboratory services and laboratory capacity-building more generally. The National TB Reference Laboratory is being upgraded to international standard (with technical assistance from WHO and support of Christian Friends of Korea and Stanford University). The grant also funds training in TB management for all levels of the health care delivery system. The indicators measured under this objective are:
1. Number of smear positive cases successfully treated: the program aims to treat 26,000 to 28,000 cases per year in Phase 2 in the 11 provinces supported by the grant.
2. Number of smear positive cases registered: approximately 31,000 cases per year in the same areas.
3. Number of smear positive cases detected among women aged 15-44: 6,900 per year (same areas).
4. Number of fully functional microscopy centers in place (fully functional: laboratory staff were trained, reagents and microscopes are available and R&R systems are in place). The Global Fund grant supports 323 county laboratories across the country.
5. The grant also provides 100% of the monitoring and evaluation (M&E) support for supervision of TB program in the 190 counties covered by the grant (indicator 1.7)

Objective 2 - Establishing partnerships with non-health sectors, departments and organizations to increase access to quality TB services: The Global Fund grant provided 100% of funds for training of health workers in non-health sectors. In Phase 1, this included defence, police and railway staff as well as civil society organizations. In Phase 2 this represents civil society only with a target of 1015 people trained per year.

Objective 3 - Improving advocacy, communication and social mobilization to improve awareness and utilization of services: Based on an Advocacy Communication and Social Mobilization (ACSM) Strategic Plan for 2011-2016, the grant supports the training of key non-health staff at county level in ACSM (Phase 2 target of 380 people to be trained twice in three years).

Objective 4 - Developing and implementing interventions under DOTS-Plus for the management of MDR-TB: The Global Fund grant is supporting the start of the first MDR-TB program in the country. Enrolment of 52 patients is expected by the end of Phase 1, and plans in Phase 2 include the enrolment of an additional 500 patients over the course of five years, treatment of which is covered at 100% by the grant.

Objective 5 - Contributing to health systems strengthening: The grant is funding training of health care workers at all levels in clinical management of TB (380 people to be trained or retrained yearly) and microscopy diagnosis of smear-positive TB (132 people to be trained or retrained yearly), in addition to the support provided in the diagnostic capacity of health facilities and labs at various levels.

Analysis of Indicator Performance to date **(including reasons for important deviations between results and targets, if any)**

Eleven indicators, including seven Top Ten, have been used to assess programmatic achievements during Phase 1. The average performance of Top Ten indicators was 107% and average performance of all indicators was 103%, giving the overall quantitative indicator rating of A1. One indicator had 71% performance and all the others had more than 95%. Seven indicators are tied to the grant.

Treatment success rate of new smear positive cases was 90% against a target of 85%.

Case notification: DPRK is one of the few countries in the world that report more than 10,000 NSP cases a year. The case detection rate in 2010 was estimated to be 101% (87-118). According to the Global TB Report 2011, between 2008 and 2010 case notification of new smear positive cases has steadily increased from 28,026 to 31,240 and for the cases of all forms of TB it has increased from 72,541 to 84,648. However, as per figures reported by the PR, the total number of NSP notified in 2011 was 29,415, which represents a halt in the steady increase over the last few years.

By the end of 18 months 6,038 health workers/doctors in non-health sectors (railways, police, defense, etc.) were trained and nearly an equal number (5,824) of people were reached through sensitization workshops at provincial and county levels. This has the potential to increase the case notification in subsequent periods, but case notification needs to be monitored more closely.

External Quality Assurance for smear microscopy: This indicator had poor performance in the first two Periods of the grant, but the PR was able to catch up and in Period 6 the result was 94% against a target of 90%. However, this indicator was found to be somewhat misleading and will need to be changed in Phase 2: a total of 258 labs were functioning in Period 6, of which 219 participated in External Quality Assurance and 205 were found to have adequate performance. The result in the grant score card reflects 205 of 219 (94%) whereas in effect only 76% of the total functioning labs (205 of 258) had been assessed as having adequate performance.

Number of fully functional microscopy centers in place: A lab was considered fully functional if it had trained lab staff, reagents were available and an R&R system was in place. Against a target of 307 only 219 labs met all the criteria. Observations in December 2011 indicated areas for further improvement, including the training of lab staff and supervision. Also, functioning microscopes were not part of the indicator definition. The PR experienced some delays in distributing microscopes during the winter season (end of 2011) due to the extreme weather conditions. As a result, some provinces could be more disadvantaged than the others. North Pyongan province has the highest number of functioning microscopes, with 28 fully functional microscopic centers out of 30, while the South Hamgyong province showed the highest number of non-functional laboratories (27 out of 36).

Number of counties visited by provincial supervisory team (monitoring of DOTS centers): After a slow start in the first six months, this activity was conducted consistently at 100% throughout 2011 (90/90 at the last progress update). However, the quality of supervision could be improved if recommendations are followed up.

Besides the above indicators there are two indicators on the MDR program in the Performance Framework, but due to a delay in the start of MDR treatment, these were due for reporting only after the cut-off date.

Overall, deficiencies were noted in the quality of sputum microscopy, there were insufficient numbers of fully functional microscopy centers, and monitoring and supervision needs improvement. The program, however, is deemed to be doing adequately well.

Achievement against program impact goals

	Baseline			Year1		Year 2	
	Source	Date	Baseline	Target	Result	Target	Result
TB incidence rate	ARTI survey	2008	344	344.00	345.00	327.00	
TB mortality rate	R&R TB system, quarterly report	2008	39	39.00	23.00	37.00	
Case detection	R&R TB system, quarterly report	2008	70%	N: D: P: 74.00%	N: D: P: 80.70%	N: D: P: 82.00%	N: D: P: %
Treatment success rate	R&R TB system, quarterly report	2008	87%	N: D: P: 85.00%	N: D: P: 90.00%	N: D: P: 85.00%	N: D: P: %
Case Notification Rate: All forms TB Cases	R&R TB system, quarterly report	2009	367	374.00	436.00	394.00	

Is there a recent national survey or national study on impact and outcome available? No

If yes, when was it conducted?

Please provide a summary of the main findings

In cases of documented evidence of outcome and/or impact, please explain how the activities of the grant may have contributed

Available funding for the NTP increased substantially from 2009 through 2012 as a result of Global Fund contributions, increasing overall resources from USD 4.2 million in 2009 to USD 28.7 million in 2012, representing nearly 70% of the NTP budget.

The Global Fund is funding key components of the TB program in DPRK, namely diagnosis and treatment, capacity building and monitoring of program implementation. The increasing trend of notified TB cases is attributed to the improved capacity of diagnosis and reporting practices of the staff in the TB sectors through trainings and provision of adequate supplies, as well as the strong engagement of other sectors such as military, police, railway and prisons who are involved in the current program.

These achievements have contributed to the downward trends of TB prevalence and mortality from 459 and 35 per 1000 in 2008 to 399 and 23 per 1000 in 2010, respectively, according to WHO Global TB Report 2011.

Grant Management Issues

ADDITIONAL Management issues
Monitoring and Evaluation Systems Management (incl data quality)

On-site data verification (total of 5) and Data Quality Audit have provided good ratings on data quality but cross-checking with treatment cards and spot-checks were not possible. The following weaknesses need to be addressed:

- The NTP needs to have guidelines on maintaining the R&R documents - treatment cards, lab registers and treatment registers need to be preserved at appropriate levels for five years as recommended by the WHO country office. Lab technicians need to be supervised for maintaining lab registers as per the standard recommendations.
- There is no report of program evaluations. Reviews/evaluations of the program including the MDR component should be planned at appropriate intervals jointly by PR, SR, and NTP and sometimes with the external technical agencies.
- Deficiencies are noted in the application of standard recommendations for treatment and diagnosis. Structured supervision is required for labs and treatment centers to ensure systematic follow up and poor performing centers should be supported more frequently.

The current system provides a solid basis to address present and future challenges in TB control. The PR and partners have generally responded positively and rapidly to issues raised in management letters and the aforementioned issues will be followed up in Phase 2.

Program Management

Overall, grant implementation was well managed. The PR has a strong system as an experienced implementer of large programs in DPRK and globally. The Global Fund grants are supported by five international staff at the PR level, in addition to a national officer. At the SR level, there are four international and a number of national staff funded through the malaria grant.

Both organizations have shown to be well organized and capable of coordinating with local authorities despite the lack of oversight at the CCM level. PR supervision of SR-level activities has been identified as a weakness, and is being strengthened, especially through improved SR level financial reporting.

Financial Management & Systems

The financial management capacity of the PR is strong. Financial performance against the Phase 1 budget was appropriate with a cumulative expenditure rate of 71% at the cut-off date (PR/SR combined, with commitments included).

However, there have been several factors challenging the financial management of this grant in Phase 1, mainly outside of the PR's control:

1) Sharp increases in TB drug prices as well as global shortages of some key products (e.g. Streptomycin) created serious financial gaps for the program, and resulted in multiple budget revisions in order to reprogram several activities to cover the drug budget requirements. Delays in procurement resulting from these difficulties have also impacted the PR's cumulative burn rate since a large portion of the underspent funds are in fact procurement liabilities which are pending clearance (upon delivery of products). Delays in procurement have also contributed to increased stock-out risks in the country, although no stock-outs occurred during the Phase 1 period. This was compounded by the absence of a buffer stock as part of the Phase 1 procurement plan. This has been addressed in the forecasting for Phase 2.

2) Due to the fact that the grant was signed in EUR, there have been exchange rate losses resulting from multiple conversions (from EUR to USD at the UNICEF headquarters, from USD to KRW for local costs, KRW to USD and USD to EUR for PU/DR reports). Large variances between budgeted amounts and actual costs have resulted in the need to adjust the budget and identify efficiency savings to cover for the losses.

The effects of these two factors will be mitigated in Phase 2, as the budget and workplan were developed while taking into account program realities and lessons learned from Phase 1, including adjustments to the TB drug costs and forecasting. The Phase 2 grant agreement will be signed in USD (converted from EUR which is the original grant currency). This will reduce the risk of exchange rate fluctuations in reporting of the PR and SR.

Pharmaceutical and Health Product Management

During Phase 1, the PR implemented the pharmaceutical and health product managment activities as planned and adhered to the approved PSM plan, with the exception of changes in the procurement of drugs due to global shortage of Category II drugs, which was far beyond the control of the PR. The challenges in sourcing and availing Category II kits forced the PR to improvise by re-kitting Category I & III drugs into Category II.

In addition to difficulties with regards to the global TB drug context, the PR experienced challenges in procurement timelines due to logistical constraints specific to the country context (e.g. limited shipping space, embargoes).

Quality assurance challenges were raised recently in relation to the Phase 2 review of the malaria grant. Currently there is no WHO-pre-qualified laboratory in the country. The PR has contracted technical assistance in order to develop an action plan to achieve the WHO-pre-qualification and overall capacity-building support to the National Quality Control Laboratory (NQCL).

Both the Secretariat Phase 2 assessment report and the PR and Country Risk assessment reports indicated shortcomings related to storage of health products, particularly at the central level. This was recently discussed with the PR and MoPH with a view of developing an action plan to address this weakness (a condition under the malaria Phase 2 grant agreement).

The pharmaceutical and health products selection, forecasting & quantification, procurement, storage and distribution were adequate. It should be noted however, that the need for Category II kits reconstituted from Category I & III presented inventory management and distribution challenges for the PR.

Other Management Issues (e.g. Quality of services etc).

The DPRK portfolio is managed under the provisions of the Additional Safeguards Policy of the Global Fund. The PR and SR were found to be compliant with these provisions as follows:

1) "Zero" cash advance policy: No funds are advanced to implementing entities other than the SR. When MoPH conducts training activities, for example, they submit a claim for reimbursement which is reviewed by the PRbefore the funds are transferred to them.

2) Quarterly progress updates/disbursement requests PU/DRs associated with quarterly on-site data verifications by the Secretariat (five in total so far for this grant): These have in fact shown that data quality and M&E, as well as financial systems of the PR are generally good. In Phase 2, the Secretariat will move to a semi-annual disbursement cycle with a refocusing of the local Secretariat efforts on financial supervision, spot-checks as well as review of quality of services and trainings.

3) Access restrictions: In areas where the staff of the PR, SR or Secretariat are not authorized to have access, the Global Fund does not provide funding. This principle will be maintained in Phase 2. As a result the entire province of Jagang will not be covered by the grant.

4) Some issues were noted in the quality of diagnostic and treatment services:
a. Issues with quality of sputum microscopy: The indicator on External Quality Assurance of sputum microscopy did not have satisfactory performance as explained above. The External Quality Assurance currently carried out includes only two of the recommended three components. The Data Quality Audit report also has findings based on review of 11 labs that suggest sputum microscopy needs improvement. 50 consecutive cases were examined in which all three slides had same grade of positivity. Four labs did not have any scanty results or no 3+. Corrections in the lab register were done by erasure or over-writing. In one lab no stained bacillus could be seen in a slide classified as positive due to poor lighting and no electricity but four patients had been registered as negative on that morning. In 8 of 11 labs that were checked, the distribution of positive slides and their grading did not seem consistent with the standards of the Union lab guidelines.
b. The National Reference Laboratory does not have proficiency certification/accreditation at present, but will be doing culture and sensitivity for the MDR-TB program. WHO expects this certification in the next 1-2 years.
c. HIV testing of TB patients is not done as the country is believed to be HIV free.
d. Infection control: Data Quality Audit report noted that small rooms without adequate ventilation were designated for sputum collection in two service delivery points, putting the patients as well as health staff at risk of infection.

5) There are some concerns about treatment of MDR-TB cases, which were not included in the cut-off period but started in Phase 1, and will continue in Phase 2. The main concern is that NRL is not proficiency certified but culture results will be used for initiating and follow up of MDR-TB patients. The scale up in Phase 2 is to be significant. The country is running a MDR-TB program in 6-8 sites and has put 600 patients on treatment since 2008, but the results are not available to the PR and SR, as this is implemented by another NGO.

Recommended Secretariat Phase 2 Rating

FINAL RECOMMENDED SECRETARIAT PHASE 2 RATING	A2

OTHER PHASE 1 PERFORMANCE ISSUES

Aid Effectiveness

Please elaborate on effectiveness issues identified in the Effectiveness Support Tool or other sources in the areas of a. ownership & accountability, b. alignment to country cycles and c. harmonization and coordination with other donor-funded activities.

The Global Fund and GAVI are currently two of the largest donors to the health sector. The NTP of DPRK has very limited international support. The CCM was set up with wide representation following the Global Fund guidelines and adapted to the country context. To promote multi-partner collaboration for GAVI, a committee has been set up that has representation from government and UN agencies (UNICEF and WHO). Global Drug Facility provided anti-TB drugs for the country before the Global Fund grant started, and continues donating drugs for the Jagang province, which is not covered by the Global Fund grant.

The other providers of international aid are the partnership of Stanford University and Christian Friends of Korea, as well as Eugene Bell Foundation's diagnosis and treatment program. The Global Fund and the CCM have paid attention to avoiding duplication of aid provided by these organizations and the current grant.

It is worth mentioning that UNICEF and WHO contribute to aid harmonization efforts in cooperation with MoPH by, among other activities, aligning local expenditure rates and coordinating efforts.

Gender Equality

Is there evidence that women and/or sexual minorities are restricted from accessing care / receiving interventions? No

If yes, please explain

PQR

Was the PQR data entry up-to-date for all relevant health products procured during Phase 1? Yes

if not, please explain

Please assess compliance with the Global Fund QA policy for pharmaceuticals

All of the anti-TB drugs in Phase 1 were procured through the Global Drug Facility and suppliers were chosen based on pre-qualification of products, with one exception (RH 150/150) for which no WHO pre-qualified or ERP approved product exists. Going forward, Quality Assurance compliance for diagnostic products and laboratory supplies will also be examined.

In the absence of a WHO-certified Quality Control laboratory in country, the PR arranged for supply-chain sampling of drugs (both for TB and malaria) and testing at overseas laboratories. No quality issues have arisen from these tests. Plans for upgrading the National Quality Control Laboratory and obtaining WHO certification are in development with the support of technical assistance through UNICEF (with grant funds).

Outside of the aforementioned challenges, there were no major issues with compliance of the PR with the Global Fund's Quality Assurance policies.

PHASE 2 FINANCIAL REQUEST

FINANCIAL ASPECTS OF PHASE 2 REQUEST

Resources available to finance program after cut-off date

	Total	Year3	Year4	Year5
Original Phase 2 adjusted proposal Amount	€ 24,944,412	€ 7,871,246	€ 8,584,286	€ 8,488,880

Resources available to finance program after cut-off date	
Original Phase 2 adjusted Proposal Amount	€ 24,944,412
Undisbursed at cut-off date	€ 1,113,985
Cash at cut-off date	€ 8,920,276
Total Resources available (month 19-60)	€ 34,978,673

Phase 2 Budget and Recommended Amount

Recommendation	Year 3	Year 4	Year 5	Total Phase 2 Budget	% of original Phase 2 adjusted proposal Amount	Incremental Phase 2 Amount	Incremental Amount % of original Phase 2 adjusted proposal Amount
CCM Request	€ 11,782,717	€ 7,163,905	€ 7,562,145	€ 26,508,767	106 %	€ 25,511,512	102 %
Secretariat Recommendation	€ 11,277,257	€ 6,818,490	€ 7,159,285	€ 25,255,032	101 %	€ 22,099,422	89 %

Comment on CCM analysis of Phase 2 request versus original Phase 2 budget

No detailed analysis was provided as part of the CCM Request. The Secretariat is aware of major increases in unit costs for TB drugs that occurred during implementation of Phase 1 in comparison to the original proposal budgets for Phase 1 and Phase 2. In Phase 2, the PR has also requested some additional staff to support the Logistics/Supply management function, which has been a weakness for both grants implemented in DPRK.

Secretariat Assessment of Financial Aspects of Phase 2 Request

Overall, the financial proposal for Phase 2 is found to be aligned to the programmatic proposal and adapted to program implementation realities. It also takes into account important lessons learned from Phase 1, including the strengthening of procurement and logistics management capacity and forecasting of TB medicines, which will contribute greatly to reducing delays in the procurement and avoid stock-out risks in country.

There is no material reprogramming included as part of this proposal. Budget for procurement of health products and pharmaceuticals constitutes the main portion of the grant (57%, including PSM-related costs). It is also noted that Human Resources, Planning & Administration and Overhead costs represent a significant portion of the budget (31%) and this is an area where efficiencies may be found during negotiations. However, considering the implementation of the Additional Safeguards Policy, it is difficult to avoid such costs.

Strategic importance is being given to the scale up of the MDR-TB component, which is a complex matter in DPRK, because of many sub-components needing to be up and running at the same time.

Cost of drugs has been very unpredictable since the very beginning of this grant and further fluctuations cannot be ruled out. Therefore, the Secretariat has been very careful about budget reductions during the review of the CCM Request for Continued Funding. Further assessment will be made during Phase 2 grant agreement negotiations process, during which the Secretariat may find further efficiencies and savings, and reduce the final Phase 2 amount accordingly.

The final amount recommended by the Secretariat for the period after the cut-off date is EUR 32,133,683 which reflects a EUR 2,158,355 reduction in the forecast for the final two quarters of Phase 1 (from EUR 9,037,006 down to EUR 6,878,651), as well as adjustments to the proposed Phase 2 budget of EUR 1,253,735 (5% reduction).

There were substantial reductions to the CCM request for the M19-24 and additional reductions for the periods M25-60.

Any material savings identified during the Phase 2 grant agreement negotiating process will be de-committed.

There were substantial reductions to the CCM request for the M19-24 and additional reductions for the periods M25-60.

Baseded on the management actions and during grant negotiations any material savings identified will be de-committed.