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Author: Management Sciences for Health

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Leadership, Management and Governance Project / Honduras
Management Sciences for Health
200 Rivers Edge Drive
Medford, MA 02155
Telephone: (617) 250-9500
<http://www.msh.org>



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HONDURAS

ANNUAL REPORT:
JANUARY 2013 – SEPTEMBER 2013

SEPTEMBER 24, 2013

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Abbreviations

AHMF	Asociación Hondureña Mujer y Familia
AOR	Agreement Officer's Representative
ART	Anti-Retroviral Therapy
ASONAPVSI DAH	National Association of People Living with HIV/AIDS
CASM	Comisión de Acción Social Menonita
BSS	Behavior Surveillance Survey
CoAg	Cooperative Agreement
COCSIDA	Centro de Orientación y Capacitación en Sida
CGSSI	Comunidad Gay Sampedrana para la Salud Integral
ECOSALUD	Ecología y Salud
GHI	Global Health Initiative
GOH	Government of Honduras
LDP	Leadership Development Program
HIV	Human Immunodeficiency Virus
HIV/AIDS	Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome
LMG	Leadership, Management, and Governance (Project)
LMS	Leadership Management and Sustainability (Project)
MOH	Ministry of Health
M&E	Monitoring and Evaluation
MOST	Management and Organizational Sustainability Tool
MSH	Management Sciences for Health
MSM	Men who have Sex with Men
MSM-T	Men who have sex with men and transgendered individuals
PLHA	People Living with HIV and AIDS
PEPFAR	President's Emergency Plan for AIDS Relief
PHC	Primary Health Center
PMP	Performance Monitoring Plan
PRODIM	Programas para el Desarrollo de la Infancia y la Mujer
PY	Project Year
RSD	Regiones Sanitarias Departamentales (Regional Offices of the MOH)
RSM	Región Sanitaria Metropolitana

SOW	Scope of Work
STI	Sexually Transmitted Infections
STTA	Short Term Technical Assistance
TA	Technical Assistance
TB	Tuberculosis
TOR	Terms of Reference
ULAT II	Unidad Local de Asistencia Técnica (Local Technical Assistance Unit) II (Project)
USAID	United States Agency for International Development
UECF	Unidad de Extensión de Cobertura y Financiamiento (Unit for Extension of Coverage and Financing)
UGD	Unidad de Gestión Descentralizada (Unit for Decentralized Administration)
USG	United States Government

I. Executive Summary

This report serves to update USAID/Honduras on accomplishments of the Leadership, Management and Governance (LMG) program in Honduras, and to inform on any outstanding issues from the project period January - September 2013.

All project activities carried out during the reporting period (January 2013-September 2013) contribute to achieve the following two Expected Results of the LMG/Honduras program:

- (1) Organizational capacity developed within the MOH to establish and carry out effective funding mechanisms, management and stewardship of local non-governmental organizations (NGOs) to provide HIV prevention services; and
- (2) Organizational capacity developed* within local NGOs to support the implementation of evidence-based, quality HIV prevention services for key populations in compliance with the new MOH funding mechanisms.

Quarter 1 fell outside of the reporting period for the project's first year. Quarter 2 activities were primarily related to technical and administrative startup. These startup activities were made easier for the ULAT II project by MSH's existing presence in Honduras. In Quarter 3, the process of contracting NGOs to provide preventive and educational services to key populations demanded much time and technical assistance from the LMG/Honduras team. Technical assistance in other areas was shifted to allow for the prioritization of technical assistance to the contracting process. In the fourth quarter, LMG/Honduras began important leadership, management and governance assessment activities to inform upcoming capacity building plans and activities.

Achievements to highlight in Project Year 1 include the following:

- Provided technical assistance to the MOH (Extension of Coverage and Financing Unit or UECF in Spanish, the Decentralized Management Unit or UGD in Spanish, and the Regional Offices of the MOH or RSD in Spanish) to successfully conduct procurement process and contract local NGOs to provide preventive and educative services for key populations.
- Provided technical assistance to nine local NGOs to improve the quality of their technical and financial proposals.
- Concluded the information collection phase of the initial assessment of leadership, management and governance capacities in the MOH and NGOs.
- Provided technical assistance to UGD in their capacity building efforts with the regions (RSD) in the area of technical monitoring of grants.

A lesson learned in the first year came during the process of contracting NGOs directly with USG funds by the MOH. This was a significant challenge for the corresponding authorities and technicians. All stakeholders learned quickly how to manage the process, with one important lesson learned: it is crucial to systematize every process and procedure, and then institutionalize them to ensure sustainability after the technical and financial assistance from USAID ends.

This has been an important nine months for the project, with high demand to provide technical assistance to the GOH and the NGOs to ensure that resources are able to reach the NGOs that have been contracted and are responsible to provide prevention and educational services to key populations. The staff of the LMG/Honduras team have worked diligently to respond to the needs of the government and NGO clients, to avoid any gaps in service. This demand-driven/responsive technical assistance position of the team has led to successful contracting and payment of NGOs, however some delays in planned workplan activities were also experienced as a result. The project team has taken this experience in PY1 into careful consideration when developing the PY2 workplan, and is also working to mobilize additional technical support for areas of specialized need.

II. Program Context and Expected Results

In alignment with the USAID Intermediate Result 4.3 and sub-IR 4.3.1, under the Assistance Objective #4, the LMG Honduras Project Goal is to *provide technical assistance to the Ministry of Health (MOH) and local NGOs in organizational capacity building to provide HIV/AIDS education and prevention services to key populations.*

All project activities carried out during the reporting period (January 2013-September 2013) contribute to achieve the following two Expected Results of the LMG/Honduras program:

- (3) Organizational capacity developed within the MOH to establish and carry out effective funding mechanisms, management and stewardship of local non-governmental organizations (NGOs) to provide HIV prevention services; and
- (4) Organizational capacity developed* within local NGOs to support the implementation of evidence-based, quality HIV prevention services for key populations in compliance with the new MOH funding mechanisms.

*In line with country ownership priorities, capacity development of NGOs is to be supported by LMG working jointly with MOH to take the lead where possible, and to establish priorities for capacity development.

Key populations identified are sex workers, men who have sex with men (MSM), transgender populations, and the Garífuna ethnic group on the North Coast. Other vulnerable and bridge populations include clients of sex workers and partners of key populations.

III. Program Results and Activities

The major accomplishments of the LMG/Honduras program from January-September 2013 are:

- Received USAID approval of the Program Description.
- Provided technical assistance to the MOH (Extension of Coverage and Financing Unit or UECF in Spanish, the Decentralized Management Unit or UGD in Spanish, and the Regional Offices of the MOH or RSD in Spanish) to successfully conduct procurement process and contract six local NGOs through eight contracts to provide preventive and educative services for key populations.
- Provided technical assistance to nine local NGOs to improve the quality of their technical and financial proposals.
- Concluded the process of contracting six local NGOs.
- Received USAID approval of the LMG/Honduras PY 1 work plan.
- Established the LMG/Honduras office in Tegucigalpa.
- On-boarded the LMG/Honduras team members.

- Concluded the information collection phase of the initial assessment of leadership, management and governance capacities in the MOH and NGOs.
- Prioritized interventions for the design of the action plan for MOH and NGOs.
- Provided technical assistance to UGD in their capacity building efforts with the regions (RSD) in the area of technical monitoring of grants.
- In coordination with the UGD, adapted the technical audits tools.
- Provided technical assistance to UECF to elaborate reporting of USAID Financial Implementation Letters.
- Supported ECOSALU to prepare for a supervisory visit from the USAID Director.

IV. Country Context

Honduras is a lower middle-income country that has seen improvements in certain health and economic indicators, but still suffers from serious social inequalities and low rates of several health indicators. In addition, Honduras struggles with a disproportionately high HIV prevalence rate, particularly among certain populations. The Government of Honduras (GOH) and international donors have invested funds in capacity building in the health sector in recent years, resulting in improvements in certain health indicators. However, in order for Honduras to improve further its overall health status, it must reach out to key population groups who are currently underserved, and therefore, whose health status is far worse than national averages would suggest. For improvements in health among these hard-to-reach populations to occur, quality, usage, and financing of critical health services—particularly HIV/AIDS services—must be improved.

At 0.7%, Honduras' HIV prevalence rate is similar to other countries in Central America¹. However, Honduras is considered to have a concentrated epidemic, with key populations showing significantly higher HIV prevalence rates than the general population in specific geographic regions: along the Atlantic coast and the Bay Islands, and north-to-south along the country's major transportation route from Cortés to Tegucigalpa. According to the 2006 Behavior Surveillance Survey (BSS), the HIV epidemic disproportionately affects the Garífuna population, MSM, and sex workers with HIV prevalence rates of 5, 9.7 and 5.5 percent, respectively.

According to the National Sexually Transmitted Infections (STI)/HIV/AIDS program report, as of December 2011, a total of 30,026 HIV positive cases were diagnosed in Honduras and 8,159

¹ HIV prevalence rates in Central America: El Salvador 0.8%, Guatemala 0.8%, Nicaragua 0.7% (source: Central America Partnership Framework Implementation Plan 2010)

people are actively receiving antiretroviral (ARV) treatment. HIV voluntary counseling and testing (VCT) facilities are available through both the MOH and some local NGOs. Other prevention services provided by the MOH are Prevention of Mother-to-Child Transmission (PMTCT) services, condom distribution and screening and diagnosis of STIs. However, behavioral change communication (BCC) activities for key populations are generally provided by local NGOs that are actively involved within these communities.

To improve health conditions among key populations, quality, usage, and financing of critical health services must be improved. This includes prevention and HIV testing services that are organized and delivered at the community level. In addition to the responsibility of the GOH in assuring access to a basic package of health services, community participation is a critical factor in improving health status at the community level, especially as it relates to preventing disease and promoting health.

V. Project Context

The Government of Honduras' Response to HIV/AIDS

Over the past decade, the GOH has taken various steps to respond to the HIV epidemic. The current HIV/AIDS National Strategic Plan (PENSIDA III), 2008 – 2012, prioritizes scale-up of prevention efforts for MSM, Garífuna, sex workers and pregnant women. The Sula Valley, North Coast, and the Tegucigalpa metropolitan area are identified as important geographical focus areas due to their higher prevalence rates, and special emphasis is given to HIV diagnosis and treatment and to monitoring and evaluation of PENSIDA III efforts. The GOH has now started the process of drafting PENSIDA IV, anticipated to be finalized in 2013 and written under the umbrella of the National HIV Strategy that was completed in March 2011. The National HIV Strategy formulates a strategic vision for comprehensive HIV and AIDS promotion, prevention, care and support services within the National Health Sector Reform framework, under which the MOH has separated the stewardship and service delivery functions. Also within this framework, two new units were established to manage the decentralization of health services; the aforementioned UECF and UGD.

The National HIV Strategy outlines 14 key activities that provide greater access to a basic package of HIV services at the individual, family, and community levels, including the definition and operationalization of a basic package of services according to life cycle and type of services (promotion, prevention, treatment, care and support); reorganization of STI/HIV/AIDS service provision structure; and the definition of a new management model for results-based service provision.

US Government Assistance in Honduras

As part of its health portfolio, USAID improves the quality of and access to HIV/AIDS care and treatment services through both civil society organizations and the MOH. In close collaboration with the GOH since 1993, USAID has supported HIV/AIDS prevention activities for key

populations through financial and technical support to local NGOs. Since 2005, this support has included capacity building for community health workers to perform HIV rapid testing for vulnerable populations to promote healthy behavior change. USAID continues to work with the MOH to: a) develop and prepare the implementation of the National HIV Strategy; and b) improve supplies and logistics systems for HIV commodities (ARV drugs, HIV rapid tests and condoms).

USAID HIV and AIDS programs in Honduras are implemented as part of the U.S. President's Emergency Plan for AIDS Relief (PEPFAR) in line with the strategic priorities outlined under the Central American Regional HIV/AIDS Partnership Framework (PF), 2009 - 2013. Activities also directly contribute to the Honduras Global Health Initiative Strategy, 2011 – 2015. The overarching Global Health Initiative (GHI) country goal in Honduras is to “Improve the health status of underserved and vulnerable populations”. In collaboration with the MOH, other USG agencies/departments and private sector partners, the HIV-related component of the GHI strategy contributes to the achievement of “Priority Area 1: Increased access to quality essential services for underserved and vulnerable populations”, and “Priority Area 2: Improved stewardship and responsiveness of the health system”.

VI. Timeline of Events

Quarter 1: October-December 2012

The LMG/Honduras PY1 work plan period was January 2013 -September 2013; thus, Quarter 1 fell outside of the reporting period for the project’s first year.

Quarter 2: January-March 2013

Activities during the second quarter were primarily related to technical and administrative startup. These startup activities were made easier for the ULAT II project by MSH’s existing presence in Honduras.

Quarter 3: April-June 2013

The process of contracting NGOs to provide preventive and educational services to key populations demanded much time and technical assistance from the LMG/Honduras team during the third quarter. Technical assistance in other areas was shifted to allow for the prioritization of technical assistance to the contracting process.

Quarter 4: July-September 2013

In the fourth quarter, LMG/Honduras began important leadership, management and governance assessment activities to inform upcoming capacity building plans and activities. In

addition, technical assistance continued to the UECF, UGD and RSD to administer NGO contracts, disburse funds to NGOs, review reports and provide technical assistance as required to ensure that NGOs met reporting requirements. Support was also provided to assist with the close out and liquidation of the previous contracts which concluded in June.

VII. Project Achievements and Challenges

Project Management Achievements

Activity 1: Establish LMG/Honduras office space

During PY1, LMG/Honduras leased office space in a house shared with USAID Implementing Partner John Snow, Inc. (JSI). At the request of USAID, LMG/Honduras covered the full cost of the office rent for a period of 3 months (April-June) while USAID was in the process of finalizing the negotiation of a new project with JSI, which would be co-housed in the same office with LMG/Honduras. LMG/Honduras negotiated the space and transfer of inventory with JSI so that the LMG/Honduras team had access to furniture, equipment, supplies, etc.

Activity 2: On-Board LMG/Honduras team members

Recruitment of all five members of the LMG Honduras team was finalized during Q3. Four of these staff members had worked on the AIDSTAR-Two Program in Honduras working with the MOH and NGOs, making for a smooth transition and a short orientation period. These staff members had already established good working relationships with the MOH and the NGOs, having worked with all these local partners in the predecessor project. In addition, the LMG/Honduras Program Director came on board full time in July 2013, after serving a short period as Interim Director (May-June 2013), building upon a long history of work with MSH in other countries, including experience working with the MOH in Honduras.

Project Management Challenges

During the project beginning of implementation period, some inconsistencies were identified by USAID in the inventory disposition plan for the AIDSTAR Project. As LMG was responsible for managing the inventory, administrative teams from both projects coordinated actions to correct those inconsistencies in order reach a successful conclusion. The final step remaining is to obtain USAID final approval for handover of the inventory to AIDSTAR.

Expected Result 1: Organizational capacity developed within the MOH to establish and carry out effective funding mechanisms, management and stewardship of local non-governmental organizations (NGOs) to provide HIV prevention services

Achievements under Expected Result 1

Activity 1.1: Together with the UGD, UECF and RSD (regional offices of the MOH), carry out assessments of the three units in the themes of leadership and management (assessments will be coordinated to streamlined processes and efficiency of staff time).

The methodological approach for the development of initial leadership, management and governance capacity assessment of the MOH and NGOs was finalized. The methodology included a component for identifying priorities for technical assistance and capacity building that contribute to strengthening the management of the contracts signed between the MOH and Managers (NGOs).

The convening was guaranteed through the UDG. There were a total of four (4) workshops for the development of the assessment. In order to conduct the workshops near the area of influence of the RSD and NGOs, two workshops were conducted in the city of La Ceiba: one with representatives of RSD attended by a total of 29 participants, the second with the representatives of the NGOs attended by a total of 32 participants. Two other workshops were held with the central level units of the MOH in Tegucigalpa: the first with the technical team of the UGD, attended by 5 people and the second with the technical team of the UECF, with a total of 7 people.

Activity 1.2: Together with the UGD, UECF and RSD (regional offices of the MOH), carry out assessments of the three units in governance using the LMG four governance practices as a basis for the assessment.

Same comment as Activity 1.1.

Activity 1.3: Together with the UECF, UGD and RSD, facilitate participative assessments of governance of the NGOs.

Same comment as Activity 1.1.

Activity 1.4: Address management weaknesses identified during the organizational management assessment.

A subsequent product of the leadership, management and governance capacity assessment report and the identification of priorities for capacity building is the specific intervention/action plan for each of the entities involved in the model, which is in the development phase, being

drawn from the weaknesses identified in the SWOT analysis conducted with MOH units and NGOs. The information gathered through the assessment contributed to the development of the PY2 work plan. The specific intervention plan for each of the agencies involved in the model will be completed in the first quarter of PY2.

Activity 1.5: Support the capacity building of the UECF, UGD and RSD in the review, analysis and operationalization of new HIV/AIDS prevention projects with defined deliverables to be included in new contracts.

Supporting UECF, UGD and RSD, LMG/Honduras provided technical assistance and training to review tender document, terms of reference, technical bids and budget proposals, and support the completion of contracts to hire local NGOs. All this support enabled the completion of the selection processes to contract six local NGOs through eight contracts in June.

In the absence of contracting an NGO focused on providing services to prevent STI/HIV to the people of sexual diversity in the contracting process for the period from June to December 2013, a contracting process was started for service to cover these key populations. During this process, the project provided technical assistance to the UGD technical team on the development of the terms of reference for the contracting process.

Discussion was initiated at the request of the MOH (UGD, UECF) to begin to establish a conceptual framework for the design of a model focused on performance-based management. As a result of these discussions, participatory contract management of contracts between MOH and NGOs is being planned.

Activity 1.6: Capacity building of the UECF in the development, procurement, implementation and monitoring of the NGO contracts, with an emphasis on accountability and results.

At the time of the start of the LMG/Honduras program, the UECF had developed a timeline of activities for the procurement process, starting with the call for proposals on through to the awarding and signing of contracts. LMG/Honduras provided several types of support to the UECF during the reporting period as part of this process: provided technical assistance to UGD and UECF to prepare Scopes of Work in order to contract NGOs; support to the Internal Committee (UGD, UECF, HIV/STI Office) to develop and use tools for the evaluation of proposals from local NGOs; provided technical assistance to six local NGOs to improve the quality of their technical bids and budgets; designed an M&E form that will be used by NGOs; designed the data collection tool to monitor PEPFAR indicators.

LMG/Honduras provided several types of support to the UECF during the reporting period as part of this process:

UECF Support in the preparation of quarterly financial report of the USAID financial performance letters, technical assistance for the preparation of monthly application form advancement of funds and settlement thereof to be submitted to USAID; Support UECF in follow-up to requests from NGOs for administrative and financial management of funds awarded by the MOH; Support in monitoring pending liquidations of NGOs.

Activity 1.7: Work together with the UECF to assess the finance and administrative systems of any new NGOs that are selected for the first time to implement contracts with the MOH.

The LMG/Honduras team provided technical assistance in the following areas: trained the UECF team in the Quickstart financial management tool for the assessment of financial management skills in local NGOs; transfer of facilitation/training skills in Quickstart to the UECF teams so that they can carry out the skills assessment with seven local NGOs of which six NGOs were contracted by the MOH.

Activity 1.8: Increase the capacity of the UGD and UECF to manage, coordinate and align all resources supporting the National HIV Strategy.

LMG/Honduras technical assistance to the UGD and UECF was focused primarily on support to management of the USAID funds, skills which are transferrable to other resources, but are not the direct target of the technical assistance. Assistance in future project years will consider the need and opportunity to expand support in this area.

Activity 1.9 Facilitate exchanges with other actors, countries and entities that have gone through similar transition processes to learn lessons about administering USG resources, managing grants to local organizations, etc.

This was not focused on for formal implementation during the first nine months of implementation due to the demands to issue the procurement notice and establish contracts as quickly as possible to avoid any break in funding of prevention activities. Technical Assistance in future project years will consider the interest and opportunity to expand support in this area.

Activity 1.10 Develop the capacity of the UECF, UGD and RSD to work with the NGOs to develop their sustainability plans (i.e. increase their capacity to present and market their technical proposals to other donors).

This activity will be shifted to PY2 following the outcome of the needs assessment and development of action plans by the NGOs to develop sustainability plans.

Activity 1.11: Support the definition of roles and responsibilities for the UECF, UGD and RSD so that the NGO procurement and monitoring processes are implemented efficiently and effectively.

In support of these three activities (1.5, 1.6 and 1.11) and at the request of USAID and UECF, LMG began to work closely with both the UECF and the UGD to monitor the bidding process, starting with the receipt of proposals. Specifically, LMG was asked to assure that the process was followed on time and transparently, and to systematize the process so that lessons are learned and best practices can be implemented for the next round, expected to be at the end of 2013. This work began during this reporting period, but increased in intensity in April 2013. Details of these initial activities will be included in the Q3 report.

LMG/Honduras continued working closely with both the UECF and the UGD to monitor the bidding process. Specifically, LMG/Honduras was asked to assure that the process is followed on time and transparently, so LMG/Honduras has provided technical assistance to the UGD and UECF in order to complete the bidding process, complying with established standards and requirements.

Activity 1.12: Support the UECF and RSD to assess their existing M&E systems for grants, including financial monitoring and liquidation of advances of NGOs.

Preliminary technical assistance in this area was initiated and will continue into the next project year.

Activity 1.13: Support the UGD in their capacity building efforts with the regions (RSD) in the areas of technical monitoring of grants, specifically focusing on accountability and meeting targets.

LMG/Honduras provided technical assistance to the UGD to support the RSD of Atlantida Regional Department and ECOSALUD. The purpose was to discuss the content of the contract signed between the MOH and NGOs. Additionally, an analysis was done with the RSD of Atlantida Regional Department of the different types of monitoring undertaken and the support given to ECOSALUD. Staff at the RSD has oriented NGO technical staff. Based on a few weaknesses found in technical review meetings, the NGOs were trained with the aim to meet all requirements in the future.

LMG/Honduras trained a technical team of the UGD in the process of monitoring and evaluation (M&E) of the agreements. In this activity, the content of the formats for M&E of NGO performance was analyzed, training was provided on PEPFAR indicators, training was provided on how to collect of information for technical audits, and sources of information and means of verification were identified.

LMG/Honduras, in conjunction with the technical team of the UGD, developed a process for review of the tools for the bimonthly technical audits that will be conducted with the NGOs by the RSD . The next steps are the validation of these tools, training technical teams of the RSD and then implementation.

LMG/Honduras, in collaboration with the UGD, developed a process to review the tools for the study of Knowledge, Aptitude and Practice (KAP) carried out by the NGOs. Together with the UGD, LMG/Honduras analyzed the data collection instrument (surveys) of the KAP that was used previously by AIDSTAR-Two, to which changes were made so as to obtain all the information and measure the change in behavior of the beneficiaries.

Guidelines were developed for the production of educational and promotional materials that serve as the basis implemented in the AIDSTAR-Two Project. Adjustments are made where different units involving the MOH. These guidelines were then shared with UGD and the Dirección de Servicios de Redes.

Activity 1.14: Strengthen the capacity of the UECF and UGD to manage their own Annual Operating Plans.

Preliminary technical assistance in this area was initiated and will continue into the next project year.

Activity 1.15: Support the UECF and UGD to advocate for increased resources within the GOH and the MOH.

This activity was premature to implement during the initial phase of project implementation when priority systems and procedures are still under development to manage the USAID funds. It will be considered for future project years.

Activity 1.16: Build the capacity of project staff to identify and document cost share.

The LMG home office project support staff are trained in capturing cost share and will support the field team to document required cost share in the next project year.

Challenges under Expected Result 1

- Activity 1.2: Together with the UGD, UECF and RSD (regional offices of the MOH), carry out assessments of the three units in governance using the LMG four governance practices as a basis for the assessment.
 - Results expected of this activity (governance assessment reports, including results, analysis report, capacity building plan, , etc.) were not achieved due to delays in the finalization of the methodological process.
- Activity 1.4: Address management weaknesses identified during the organizational management assessment.
 - Due to shifting priorities in order to provide technical assistance in contracting to the MOH, the organizational management assessment was delayed.

Expected Result 2: Organizational capacity developed within local NGOs to support the implementation of evidence-based, quality HIV prevention services for key populations in compliance with the new MOH funding mechanisms.

Achievements under Expected Result 2

Activity 2.1: Together with the UGD, UECF and RSD, assess NGO management and governance systems that are in place to manage their grants/contracts and reach agreed-upon targets from their contracts.

The initial capacity assessment workshop was carried out, including a prioritization of NGO needs. The workshop took place in the city of La Ceiba, with a total of 32 participants. A draft report of the capacity assessment and identification of the priorities for strengthening of NGOs capacities under development, but the information collected contributed to the development of the project's PY2 work plan. A specific intervention plan for each of the agencies involved in the model will be completed in the first quarter of PY2.

Activity 2.2: Strengthen the governance capacity of the NGOs, focused on accountability, stakeholder coordination and engagement, setting a shared direction and stewardship of resources.

Results expected of this activity (technical assistance, capacity building, effective board governance) were not achieved due to delays in the finalization of the assessment tool and process. Capacity building and technical assistance is expected to begin in the first quarter of PY2, based on the priorities identified through the capabilities assessment.

Activity 2.3: Facilitate management capacity assessments of NGOs, including the assessment of leadership capacity.

Same comment as Activity 2.1.

Activity 2.4: Together with the UECF, UGD and RSD, develop NGO capacity to respond to the requirements of national and international donors, including open procurements by these donors.

Technical assistance in proposal development was provided to NGOs during the procurement process for the current contracts which took place in May and June. There was no additional activity during this quarter.

Activity 2.5: Facilitate strategic planning with each NGO, involving both personnel and Boards.

This activity will take place following the definition of action plans by the NGOs.

Activity 2.6: Strengthen/maintain the administrative and financial capacity of the NGOs so that they maintain their appropriate registrations with the GOH.

Technical assistance was provided to UECF to support the NGOs in follow up and preparation and review of their required routine financial reports.

Activity 2.7: Building on the work done by AIDSTAR-Two, continue strengthening the technical capacity of the NGOs to manage the provision of HIV/AIDS prevention and education services to key populations.

LMG/Honduras provided several types of support to the UECF during the reporting period as part of this process:

Technical assistance was provided to the COCSIDA technical team prior to the visit of the Roatan Representative of USAID/Honduras: improving educational curricula to develop and post visit according to the comments given by the USAID technical assistance and technical team documents have been provided to support curriculum development, service guidelines for providing rapid HIV testing, methodology to use educational tool and material decisions on masculinity and gender violence prevention.

Technical assistance was provided to the technical team of CASM - Colón, on procedures to be followed in relation to the requirements for the acquisition of rapid tests, supporting documents for the issue of masculinity and gender violence prevention.

Technical assistance was provided to the ECOSALUD technical team in the preparation of educational activities with female leaders and theater presentation for the visit of the Director of USAID.

Technical assistance was provided to COCSIDA at the RSD of Roatan for the preparation of the monthly technical review meetings.

Provided a two-day training to the technical team of the NGO Liga Lactancia Materna on the development of KAP studies. We reviewed and discussed the ballots and consent forms, informed consent and supervisor checklists.

Activity 2.8: Provide support to local NGOs in their efforts to provide counseling and referral services

The assessment carried out this quarter will determine the types of technical assistance which will be prioritized by the NGOs. The action plans will be completed during the first quarter of PY2.

Challenges under Expected Result 2

- **Activity 2.2:** Strengthen the governance capacity of the NGOs, focused on accountability, stakeholder coordination and engagement, setting a shared direction and stewardship of resources.
 - Results expected of this activity (technical assistance, capacity building, effective board governance) were not achieved due to delays in the finalization of the methodological process. Capacity building and technical assistance will be conducted now that the L+M+G capabilities assessment has been done.

Ad-Hoc Activities

LMG/Honduras provided several types of support to the UECF and UGD during the reporting period not included in the work plan:

- Provided technical assistance to the UGD to develop the MOH Quarterly Report. LMG worked with the technical team at the UGD and with the Department of HIV/STI. Compliance with the PEPFAR indicators was reviewed, and an analysis of the achievements and next steps to achieve the goals was conducted.
- Trained MOH-funded NGOs on the procedure for the preparation of Expenditure Measurement Report (MEGASS in Spanish). Also trained UECF staff for the preparation MEGASS report.
- Supported the UECF in the development and updating of budgets for the USAID implementation letters 7-11 and reconciliation of expenditure versus approved budget.
- Provided technical assistance on Procurement Coordination of the UECF in participatory sessions to prepare the manual of procedures and standards for procurement of goods and services. This manual will contain four chapters: i.) contracting of individual consultants, ii.) tender for the contracting of non-governmental organizations, iii.) tender for the contracting of consulting firms, iv.) procedures for minor purchases of goods and services.
- Provided technical assistance to the Coordination of Monitoring and Evaluation - UECF, on the process to develop a dashboard for the UECF. This activity includes the design of a general control panel support UECF General Coordination in monitoring their projects, and the development of a control panel for the USAID in monitoring the performance of NGOs contracted by MOH.
- Provided technical assistance to the UECF in participatory sessions to review and update its Manual of Organization and Functions (MOF). This Manual will be part of the general MOF of the MOH.

VIII. Monitoring and Evaluation

A draft Performance Monitoring Plan (PMP) was submitted to USAID on April 12, 2013, and following feedback from USAID a revision was submitted on June 3. Written feedback was received from USAID on September 9, and based on that feedback, a revised list of PMP indicators for PY1 was sent to USAID on September 13. Final approval of the PMP indicators for PY1 is pending at the time of this report. No specific monitoring and evaluation activities were conducted during the reporting period, other than the activities described above.

Once the PMP indicators are agreed to, LMG/Honduras will submit a draft PMP for PY2 for review and approval by USAID. This PMP will include a core set of indicators that build on the indicators agreed to with USAID for PY1. A project M&E plan will also be finalized and submitted during the first quarter of PY2, utilizing as a basis the PMP and indicators approved by USAID, and will include additional process indicators to monitor project activities.

IX. Outstanding Issues/Constraints/Delays and Actions Taken

Constraint 1: Delays in recruitment of project staff.

Actions taken:

MSH hired two short-term technical consultants through June 2013 to implement specific technical activities. An international consultant resident in Honduras was contracted prior to the hiring of the Project Director to provide technical assistance to the MOH during the procurement process, particularly that of the proposal review process and preparations for negotiations with NGOs. A national consultant was contracted for a short period to assist the LMG team in the design of the needs assessment tool to be used with the MOH and NGOs.

MSH conducted an intensive recruitment of technical staff. LMG/Honduras initially focused the recruitment search on Honduran nationals, but were not able to find the right person for the Program Director position, therefore it was agreed with the mission that third country nationals would also be considered for this important position. Following this decision, LMG/Honduras quickly identified a qualified Program Director, USAID Honduras provided their agreement to the proposed candidate and he started his full time role on July 1, 2013.

Constraint 2: Lack of permanent LMG/Honduras office space, transfer of equipment from JSI to LMG/Honduras, and delays in the delivery of inventory disposal plan from LMG/Honduras to the JSI Project.

Actions taken:

- 1) Review of inventories to identify equipment (furniture, computer, etc.) needed for LMG/Honduras team and office space.
- 2) A plan for remodeling of the offices where the LMG/Honduras project was established.
- 3) Coordination the LMG and JSI administrative teams to solve the inconsistencies in the inventory disposal plan found by USAID.
- 4) Adjusted and corrected all inconsistencies to send corrected files to USAID.

Constraint 3: Matching USAID and MOH expectations during the initial project months.

Actions taken:

- 1) The LMG/Honduras team determined jointly with USAID and the MOH to focus technical assistance support to the procurement process in the first months of the program in response to MOH requests for support on specific aspects of the procurement process. This diverted attention and staff time away from the LMG/Honduras work plan goals. However, the contracting process of the NGOs was determined to be the top priority.

Constraint 4: Suspension of the Minister of Health delayed the signing of contracts with NGOs.

Actions taken:

- 1) Supported USAID, UECF and UGD to find mechanisms to ensure the signing of agreements between the MOH and NGOs.

X. Coordination with other Actors

During its first year, LMG/Honduras coordinated planned activities and methodologies with the UECF, UGD, USAID and the ULAT II project. In addition, the new John Snow, Inc. (JSI) Project began in July 2013, providing new opportunities for LMG/Honduras regarding coordination of activities and shared resources.

LMG/ Honduras also coordinated administrative matters with the MSH ULAT II Project, in order to maximize resources.

XI. Gender Component

The review of the bidding process for the new NGO contracts has shown that gender is an important and cross-cutting issue that must be carefully considered and included in the USAID/UECF approach. The approved LMG/Honduras Program Description clearly defines the key populations for this program (i.e. MSM and partners, CSW and partners, and Garífuna

population). By definition, working with these groups requires careful attention to gender issues and a strategy to be sure that gender is addressed. The Program Description also mentions that the NGOs will develop specific approaches/strategies to identify populations with difficult access in order to expand their reach. LMG/Honduras will work more intensely on the issue of gender as technical activities commence, in particular encouraging and promoting the UGD and the Regions to ensure that the implementing NGOs include a gender approach in their strategies, specifically with hard-to-reach populations.

XII. Summary of Lessons Learned for Overall Implementation

The project start-up phase demanded focused attention on recruitment of new staff and preparation of the project work plan.

The process of contracting NGOs directly with USG funds by the MOH has been a major challenge for the corresponding authorities and technicians. All stakeholders have learned quickly how to manage the process, with one important lesson learned: it is crucial to systematize every process and procedure, and then institutionalize them to ensure sustainability after the technical and financial assistance from USAID ends.

XIII. Summary of Key Conclusions/Recommendations

The MOH-NGOs contracting model currently is in a transition stage. At this early stage of growth, there was strong MOH political will, and as a result, despite not having all the conditions required by the model, the key populations have continued having access to preventive services for HIV / AIDS. The responsiveness of the MOH has allowed the hiring of six NGOs through eight contracts/projects in prioritized areas of the country. The project LMG / Honduras played a key role ensuring the issuance of those contracts.

Despite tremendous accomplishments in a short period of time, there were challenges that are important to make note of. Due to time constraints experienced during PY1 related to project start up processes and concurrent technical assistance demands, more attention needs to be given to systematizing the NGO contracting model with the MOH. The planned topics to be developed in short time are:

- Operations manual, which should define roles and functions of each of the actors in the model (UGD, UECF, RSD and NGOs).
- Procurement manual to contract with NGOs, which must define all stages from preparation of bidding documents, terms of reference, review of technical and financial bids, negotiation and contracting.
- Procurement manual to NGOs for results-based financing, which should include the identification of the population at risk, the definition of outcomes, cost estimation services, definition and method of payment mechanism,

- Supervision and monitoring manual, which must define oversee methods for NGOs provision of services, the different types of monitoring services, supervision of production and the quality of services, such as technical audit, perform monthly technical reviews and others.

Completion of these important management systems and procedures by the MOH, with LMG/Honduras technical assistance, will facilitate MOHs success in the overall management of the model. Systematization of processes to promote transparency and accountability will also help in the institutionalization and sustainability of the approach within the government, both in terms of the government’s own financial investment in the model and in terms of ensuring ongoing services to these key populations needing HIV prevention services and education.

XIV. Financial Report

Pipeline at the beginning of period ***	\$
New funds Obligation	\$ 618,820.00
Expenses during the reported period + Accruals	\$ 444,566.08
Pipeline at the end of the period	\$ 174,253.92
Estimated expense burn rate for next period (Oct'13-Sep'14)	\$ 937,505.61
Estimated quarters of pipeline	0.19

Note: Please note this is not a final financial balance projection; MSH Accounting has not yet closed the month of September 2013

XV. Annexes

- a. Capacity Building Assessment Tool (in Spanish)