The Global Fund and Costing HIV Responses in Asia
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Overview

• Background
• Funding decisions
• Perspective on costing, budgeting
• Challenges, opportunities
Background

Global Fund Guiding Principles

1. Operate as a financial instrument, not an implementing entity

2. Make available and leverage additional financial resources

3. Support programs that reflect national ownership and respect country-led formulation and implementation

4. Operate in a balanced manner in terms of different regions, diseases and interventions

5. Pursue an integrated, balanced approach to prevention, treatment and care

6. Evaluate proposals through independent review processes

7. Establish a simplified, rapid and innovative grant-making process and operate transparently, with accountability. The fund should make use of existing international mechanisms and health plans.

8. Focus on performance by linking resources to the achievement of clear, measurable and sustainable results.
Background

Global Fund HIV/AIDS financing

HIV/AIDS Grants: Coverage by Country (Rounds 1-9)

140 countries
US$ 10.8 billion (Approved Grant Amount)
US$ 17.4 billion (Total Lifetime Budget)

Source: Global Fund Grant Data
Background

GF HIV/AIDS financing and results in Asia

Disbursements (USD millions)

2003 2004 2005 2006 2007 2008 2009

Results as of 2009 Include:

- 383,000 people currently on ART
- 29M HCT sessions provided
- 65,660 pregnant women receiving ARVs for PMTCT
- 238M condoms distributed
- 1.3M cases of STIs treated
- 218,000 TB/HIV services provided

$345M disbursed in 2009; average 34% increase YoY for last three years

Figures for GF regions of SWA and EAP. Results as of end 2009. All results cumulative except ART.
Background
GF model and grant cycle
Funding decisions

Funding decision criteria

TRP Criteria

• Soundness of approach

• Feasibility

• Potential for sustainability and impact

• Details set out in Guidelines for Proposals and TRP TORs

Attributes Considered in National Strategy Review

Soundness of:

• Situation analysis and programming

• Process

• Finance and Auditing

• Implementation and management

• Results, Monitoring and Review


theglobalfund.org/documents/board/20/GF-BM20-11_TRP_ReportToBoard.pdf
Funding decisions

Minimum fundamental pre-requisites – TRP R8

- Responds directly to current, documented, epidemiological situation
- A coherent strategy throughout proposal
- Robust gap analysis, both programmatic and financial
- Clear and realistic analysis of implementation and absorptive capacity constraints
- Clear M&E plan
- Address drivers of epidemic
- A budget sufficiently detailed to allow costs of activities to be assessed
- A workplan that makes clear timing, sequencing, responsibility
- Planned outcomes that address epi data and demonstrate how additional investment will improve outcomes for most at risk
Funding decisions

Emphasis on value for money criterion

- Defined as optimal use of resources to achieve the intended outcomes over the short and long-term.

- Means using the most cost-effective interventions to reach desired results
  - Taking into account service quality, technical appropriateness, timeliness, targeting of at-risk populations, etc as well as costs

- Does not necessarily mean selecting least expensive interventions.

- Includes ensuring Global Fund financing is additional and achieving sustainable results

Implications at the country level, in proposals

Demonstrate existing, improving value for money

Measure, assess unit costs and benefits of key products and services
Funding decisions

National strategy review consideration e.g.

**ATTRIBUTES RELATED TO FINANCE & AUDITING**

- **Expenditure framework**\(^1\) with the following characteristics:
  - Comprehensive, realistic **budget/costing** of the program areas covered by the national strategy\(^2\)
  - Financial **gap analysis** – including a specification of known financial pledges against the budget from key domestic and international funding sources…It also includes costed scenarios, e.g. low, medium, high – or (results-based, needs-based and resource-based) scenarios)
  - Specification of the approach for **allocating funds**: to **sub-national level** using an appropriate, equitable resource-allocation formula; and to **priority program areas** to **non-state actors** (including civil society organizations, private sector, and, where applicable, people living with HIV) and **across government sectors** (where relevant)

1: In addition Medium Term Expenditure Framework desirable
2: Costing to:
  - preferably be commensurate with timeframe of national strategy and according to more or less optimistic planning scenarios
  - include all relevant functions (in particular monitoring & evaluation, financial management, procurement and program management)

[...]
Funding decisions

Performance based funding (PBF)

PBF ensures that funding decisions are based on a transparent assessment of results against time-bound targets, through:

1. Link funding to the achievement of country-owned objectives and targets
2. Ensure that money is spent on delivering services for people in need
3. Provide incentives for grantees to focus on programmatic results and timely implementation
4. Encourage learning to strengthen capacities and improve program implementation
5. Invest in measurement systems and promote the use of evidence for decision-making
6. Provide a tool for grant oversight and monitoring within countries and by the Global Fund Secretariat
7. Free-up committed resources from non-performing grants for re-allocation to programs where results can be achieved
Funding decisions

PBF integration into grant cycle

PBF is integrated into every phase of the lifecycle of a Global Fund grant:

1. **Country-owned proposal development:**
   Funding requests comprising program activities, indicators and time-bound targets defined by the countries themselves.

2. **Grant negotiation:**
   Legal contract with performance targets to measure the achievements of the grant. Investments are made to strengthen M&E systems.

3. **Performance-based disbursements:**
   Periodic disbursements (every 3, 6 or 12 months) based on programmatic results, financial performance and program management.

4. **Grant renewal:**
   Continued funding decisions based on a comprehensive program review incorporating an evaluation of outcomes and impact.
GF costing and budgeting

Costing related requirements in proposals

• Financial gap analysis table
  – Requests overall national program financial need
  – Explanation of how developed, inclusive, additional

• Detailed and summary budgets for GF-requested funding
  – 5-year budget (2 years of quarterly costs, next 3 years annual)
  – Explanation of budget, HR, large expenditures, service cost assumptions (R10)

• Justifying overall proposal strategy
  – How were costs considered, optimized in selection of approach, interventions

• Costing model or report often included as annex
GF costing and budgeting
National Strategy Applications and costing

• Requests for GF financing based primarily on an existing national strategy:
  – National strategy documentation presented for “joint assessment” against attributes using an agreed, shared (non-GF-specific) process
  – Use the ‘jointly assessed’ strategy as the primary basis for applications for financing from different funders

• Many overlaps with round-based channel application in terms of costing

• Some differences, for example:
  – may use national budget classifications
  – time period flexibility to meet planning cycle

• Review guidelines when available for 2\textsuperscript{nd} Learning Wave
GF costing and budgeting

GF perspective on costing approach

**Approach to costing**

- Neutral funding platform without specific preferences or requirements on costing approach;
- Primary interest is that output from a costing should be directly/indirectly translatable to GF budget, overall proposal/grant requirements

**Lessons learned**

- Reviews of NSA FLW suggest important that selected costing approach should be appropriate for context
- Significant challenges created by changing costing approaches during application process
GF costing and budgeting

GF budgeting guidelines (Oct-2010)

• Contains guidance on high-level principles
• Budget requirements at all stages of grant
• Detailed guidance on:
  – Foreign exchange rates
  – Human resource costs
  – Travel and subsistence
  – Living support to clients/target populations
• Next version of guideline will cover other cost categories

More information:
GF costing and budgeting

GF budget template

- **Template is optional**
  - But many applicants use it or similar format
- **Includes structure that supports:**
  - link to workplan, key assumptions;
  - summary of the budget by service delivery area and by cost category;
  - Years 1-2: sufficient detail to demonstrate how all unit quantities, unit costs were calculated.
  - Years 3-5: information to show the basis for the forecast budget amounts were determined.
- **Flexibility to expand**
  - Consider what additional information in budget would **assist reviewer in assessing reasonableness** of unit costs, value for money
  - Applicants can include calculations that relate item unit costs to costs per service/output
### GF costing and budgeting

#### GF budget template

<table>
<thead>
<tr>
<th>Reference N.</th>
<th>Objective N.</th>
<th>Service Delivery Area (SDA)</th>
<th>Activity</th>
<th>Directly related indicator</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Reference to Previous Rounds Responsible Implementing Entity Type</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>1.2 Improving Diagnosis</td>
<td>1. Develop and Print facilities &amp; communities SOPS for improving diagnosis</td>
<td>No reference</td>
<td>MOH</td>
<td>MoH</td>
<td>see SDA 1.2 Activity 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>1.2 Improving Diagnosis</td>
<td>2. Support 1000 community Health Nurses to Undertake contact tracing</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>No reference</td>
<td>MOH</td>
<td>MoH</td>
<td>see SDA 1.2 Activity 2</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>1.2 Improving Diagnosis</td>
<td>3. Establish new microscopy centers for newly created needy districts (infrastructure, excluding equipment)</td>
<td>1.1</td>
<td>x</td>
<td>No reference</td>
<td>MOH</td>
<td>MoH</td>
<td>see SDA 1.2 Activity 3</td>
<td></td>
</tr>
<tr>
<td>4a</td>
<td>1</td>
<td>1.2 Improving Diagnosis</td>
<td>4.a Repair/upgrade existing laboratories</td>
<td>1.2</td>
<td>x</td>
<td>Not in Yr 5 of R5 grant</td>
<td>MOH</td>
<td>MoH</td>
<td>see SDA 1.2 Activity 4a</td>
<td></td>
</tr>
<tr>
<td>4b</td>
<td>1</td>
<td>1.2 Improving Diagnosis</td>
<td>4.b Provide microscopes</td>
<td>1.2</td>
<td>x</td>
<td>Not in Yr 5 of R5 grant</td>
<td>MOH</td>
<td>MoH</td>
<td>see SDA 1.2 Activity 4b</td>
<td></td>
</tr>
<tr>
<td>5a</td>
<td>1</td>
<td>1.2 Improving Diagnosis</td>
<td>5a. Provide laboratory supplies (excluding microscopy)</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>Not in Yr 5 of R5 grant</td>
<td>MOH</td>
<td>MoH</td>
<td>see SDA 1.2 Activity 5a</td>
</tr>
<tr>
<td>5b</td>
<td>1</td>
<td>1.2 Improving Diagnosis</td>
<td>5b. Equipment needs for existing laboratories</td>
<td>1.2</td>
<td>x</td>
<td>Not in Yr 5 of R5 grant</td>
<td>MOH</td>
<td>MoH</td>
<td>see SDA 1.2 Activity 5b</td>
<td></td>
</tr>
<tr>
<td>5c</td>
<td>1</td>
<td>1.2 Improving Diagnosis</td>
<td>5c. Existing Laboratory supplies &amp; reagents needs</td>
<td>1.1</td>
<td>x</td>
<td>Not in Yr 5 of R5 grant</td>
<td>MOH</td>
<td>MoH</td>
<td>see SDA 1.2 Activity 5c</td>
<td></td>
</tr>
</tbody>
</table>

#### Costing Table

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Measurement Unit</th>
<th>Unit Cost Year 1</th>
<th>Quarter 1</th>
<th>Quarter 2</th>
<th>Quarter 3</th>
<th>Quarter 4</th>
<th>Total Quantity Year 1</th>
<th>Total Year 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>Cost per guideline</td>
<td>5.33</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Cost per visit/quarter</td>
<td>25,000.00</td>
<td>1.0</td>
<td>25,000.0</td>
<td>1.0</td>
<td>25,000.0</td>
<td>1.0</td>
<td>25,000</td>
</tr>
<tr>
<td>Health Products and Health Equipment</td>
<td>Cost/centre</td>
<td>15,000.00</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Infrastructure and Other Equipment</td>
<td>cost/laboratory upgraded</td>
<td>7,000.00</td>
<td>0.0</td>
<td>25.0</td>
<td>175,000.0</td>
<td>0.0</td>
<td>0.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Health Products and Health Equipment</td>
<td>cost/microscope</td>
<td>3,500.00</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>10.0</td>
<td>35,000.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Health Products and Health Equipment</td>
<td>cost/laboratory</td>
<td>4,651.00</td>
<td>5.0</td>
<td>23,255.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Health Products and Health Equipment</td>
<td>Total cost per year</td>
<td>188,833.00</td>
<td>1.0</td>
<td>188,833.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>1.0</td>
</tr>
</tbody>
</table>

GF costing and budgeting

What makes a good GF budget?

**DETAIL**

- Financial Information showing sufficient detail allows TRP to better understand the reasonableness of the budget and demonstrates preparation and knowledge by the applicant.

**CLARITY**

- Clear information presented logically allows TRP to understand the relationship between the cost of the proposal and the implementation strategy.

**CONSISTENCY**

- Between Financial Information in Proposal
- With Workplan
- With Performance Framework
- With Proposal implementation Strategy
GF costing and budgeting

General TRP feedback relevant to costing (1)

Coherency

- Importance of having proposal narratives that are well aligned and consistent with submitted budgets and work plans (R9)
- Essential need for coherency and logic between the objectives, program areas (SDAs), the budget, a separate detailed work plan, and the 'performance framework'. (R8)

Alignment with national strategy

- Rounds-based applicants should ensure that proposals submitted are within the context of existing national plans and frameworks (expenditure and M&E) (R9)
- Recommends countries consider preparing proposals less regularly, and when made, draw on the national strategy to describe (and request funding for) gaps to ensure a comprehensive response to the diseases (R8)
GF costing and budgeting

General TRP feedback relevant to costing (2)

**Planning tools and proposal TA**

- Recommends to Stop TB partnership that its *budgeting and planning tools* be presented to applicants with more flexibility (i.e., less 'bundling')…this may *encourage applicants to select out priority interventions most relevant* to the specific epidemiological context and national priorities (R8).

- Roll Back Malaria’s provision of *targeted proposal development support* is instrumental to the *increasingly stronger proposals*. This does, however, make it more difficult to determine the extent to which the proposals reflect ownership by the country.

**Targeting**

- Too many proposals there was insufficient thought given to the current epidemiological situation, with inappropriate, unfocused activities proposed for concentrated epidemics. (R8, 9)
Challenges and opportunities

Potential challenges the GF faces

• By becoming one of the largest funders, GF is inherently vulnerable to misallocation of financing and doubtful impact

• Due to the standard budget structure, the link between costs and overall program goals, targeting, allocative efficiency, etc. can be difficult

• Risk of over-focus on setting and achieving high quantitative outputs at low cost without regard to targeting, quality of services, appropriateness, etc.

• Tendency to translate to services focus, divorced from people
Challenges and opportunities

Examples of the challenge

- Funds committed for Sex Worker Prevention:
  - $27.5 million was estimated to have been specifically allocated in Asia grants for sex work prevention across the first six rounds.
  - represents less than 4% of all approvals, about $6M/year
  - A number of grants have broad allocation of resources targeting MARPs, however these grants cannot be included in analysis as sex workers reached are not identified as part of programme monitoring.
Challenges and opportunities

Opportunity for improvement

- This group can contribute to addressing the vulnerability of misallocations that GF faces.

- Ensuring the development and use of costing tools that encourage selection of optimal targeting, strategy, and implementation approach.

- Improving link between GF financing and overall program to ensure that proposal/grant reviews evaluate progress against program strategy.
Challenges and opportunities

GF commitment

• Commitment to common workplan and follow-ups

• Work towards improving how GF budget maintains links to overall program costs and strategies
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