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**The Global Fund**

To Fight AIDS, Tuberculosis and Malaria

# The Global Fund and Costing HIV Responses in Asia

28 October 2010

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Performance, Impact and Effectiveness Unit



Invirtiendo en nuestro futuro

**El Fondo Mundial**  
De lucha contra el SIDA, la tuberculosis y la malaria



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抗擊艾滋病、結核和疟疾



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**The Global Fund**  
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**Le Fonds mondial**  
De lutte contre le sida, la tuberculose et le paludisme



Вклад в наше будущее

**Глобальный фонд**  
для борьбы со СПИДом, туберкулезом и малярией



استثمار لمستقبلنا

**الصندوق العالمي**  
لمكافحة الأيدز والسل والملاريا



# Overview

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

## Background

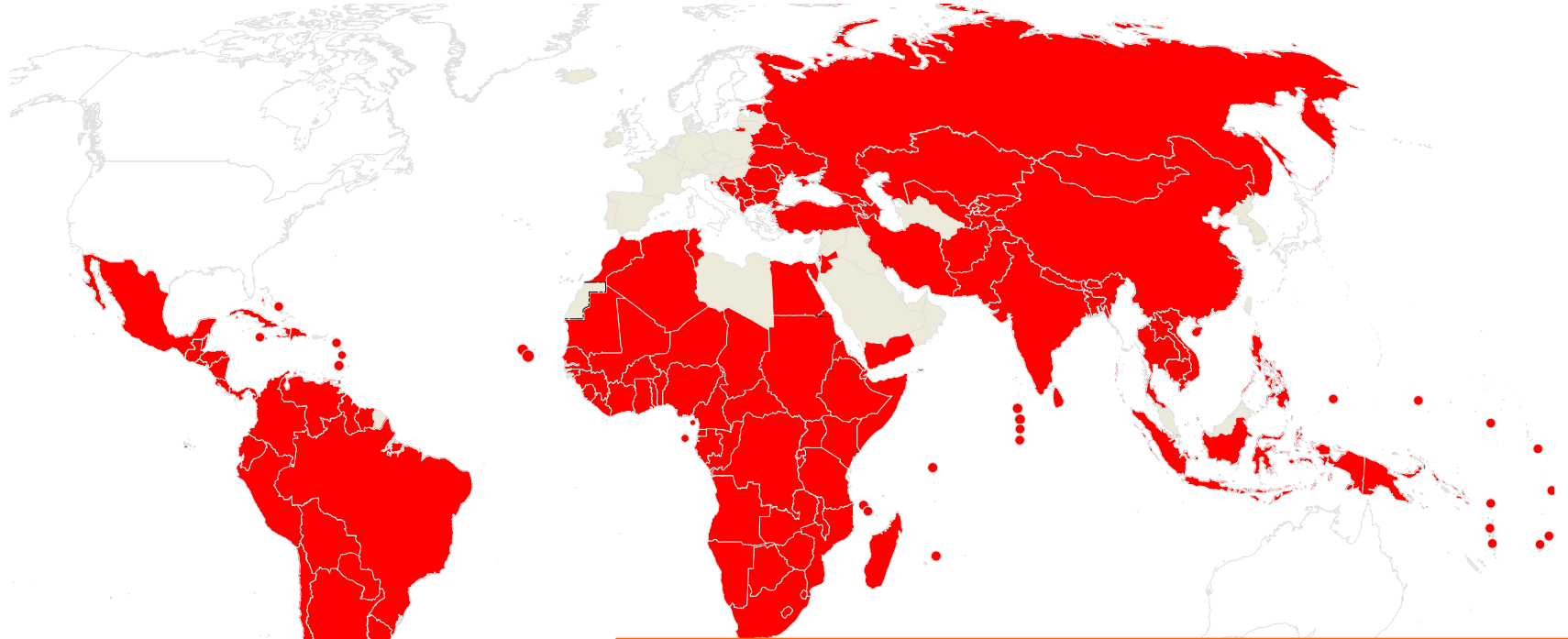
# Global Fund Guiding Principles

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)



Source:  
Global Fund  
Grant Data

0 2,500 5,000  
Kilometers

**140 countries**

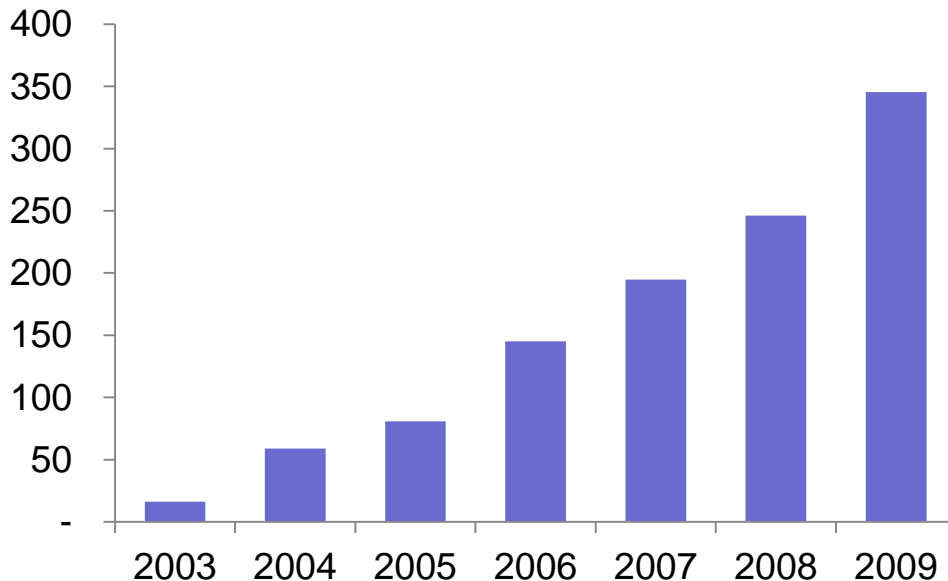
**US\$ 10.8 billion (Approved Grant Amount)**

**US\$ 17.4 billion (Total Lifetime Budget)**

## Background

# GF HIV/AIDS financing and results in Asia

**Disbursements**  
(USD millions)



**Results as of 2009 Include:**

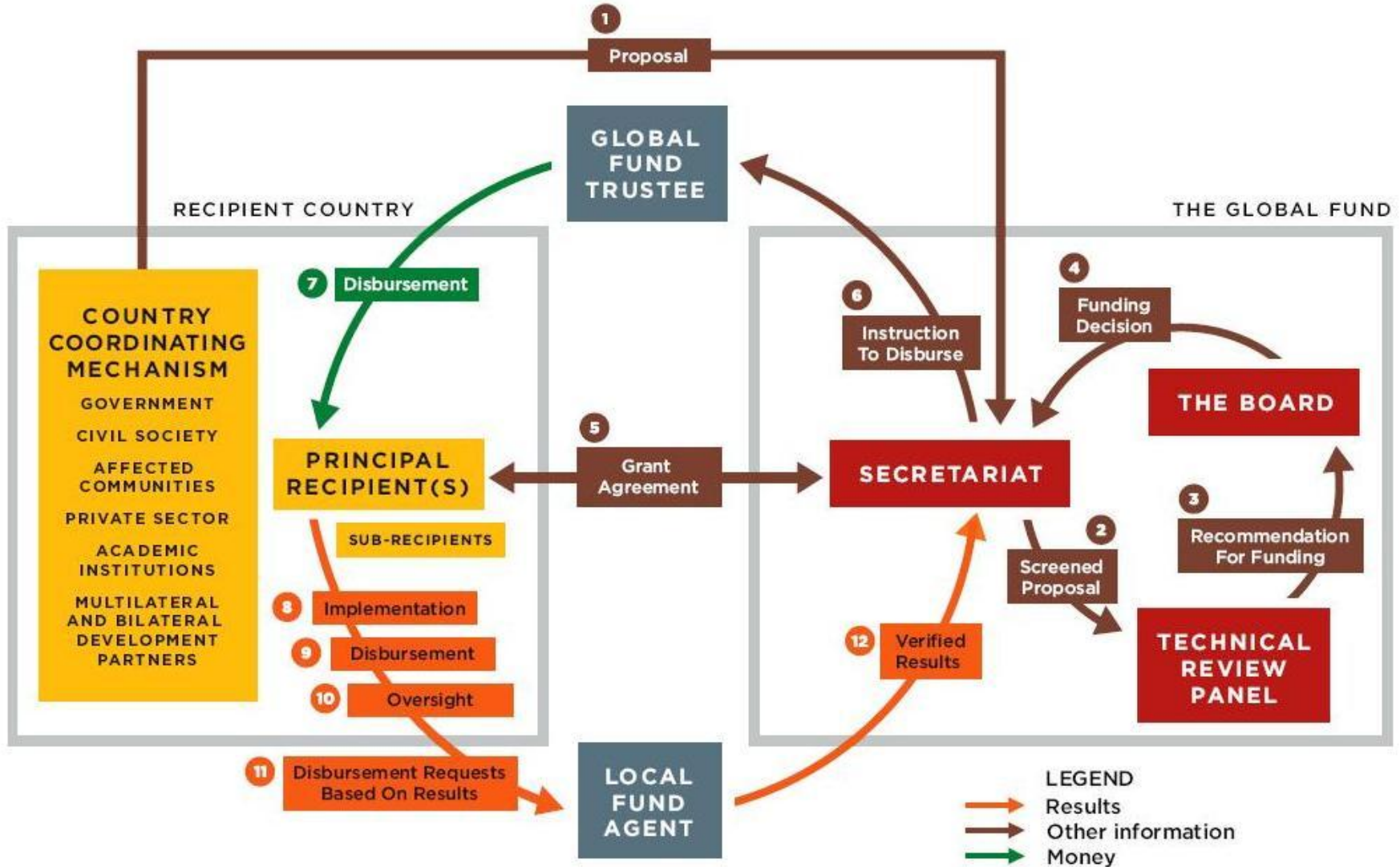
- 383,000 people currently on ART
- 29M HCT sessions provided
- 65,660 pregnant women receiving ARVs for PMTCT
- 238M condoms distributed
- 1.3M cases of STIs treated
- 218,000 TB/HIV services provided

\$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 decision criteria

## TRP Criteria

- **Soundness of approach**
- **Feasibility**
- **Potential for sustainability and impact**
- **Details set out in Guidelines for Proposals and TRP TORs**

[www.theglobalfund.org/documents/trp/TRP\\_TOR\\_en.pdf](http://www.theglobalfund.org/documents/trp/TRP_TOR_en.pdf)

## 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](http://theglobalfund.org/documents/board/20/GF-BM20-11_TRP_ReportToBoard.pdf)

# Minimum fundamental pre-requisites –TRP R8

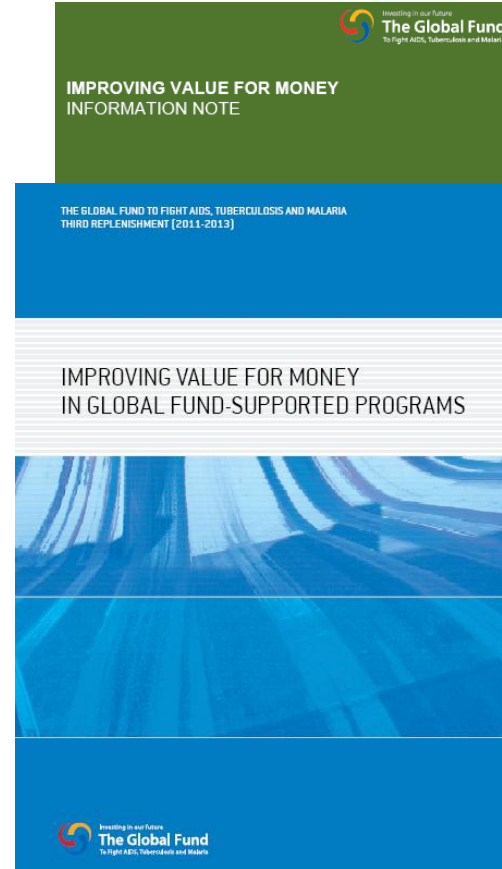
- Responds directly to current, documented, epidemiological situation
- **A coherent strategy throughout proposal**
- **Robust gap analysis, both programmatic and financial**
- Clear and realistic analysis of implementation and absorptive capacity constraints
- Clear M&E plan
- Address drivers of epidemic
- **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

# National strategy review consideration e.g.

## ATTRIBUTES RELATED TO FINANCE & AUDITING

- **Expenditure framework**<sup>1</sup> with the following characteristics:
  - Comprehensive, realistic **budget/costing** of the program areas covered by the national strategy<sup>2</sup>
  - 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)

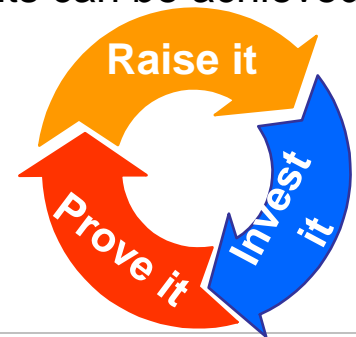
[...]

## Funding decisions

# Performance based funding (PBF)

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

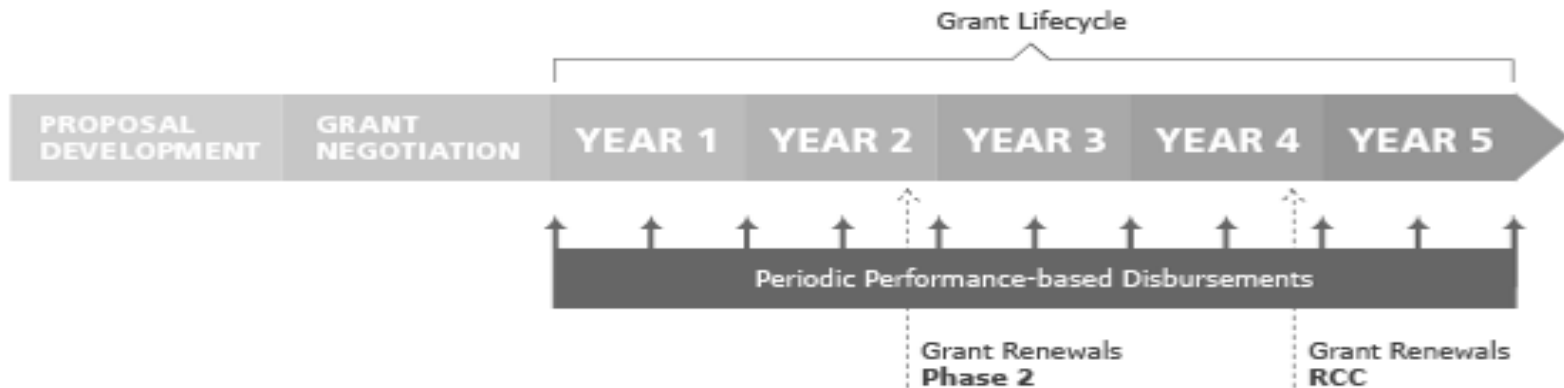
1. Link funding to the **achievement of country-owned objectives** and targets
2. Ensure that money is spent on delivering **services for people in need**
3. Provide **incentives** for grantees to focus on programmatic results and timely implementation
4. Encourage **learning to strengthen capacities** 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.

# Costing related requirements in proposals

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- 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

# 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<sup>nd</sup> Learning Wave

# GF perspective on costing approach

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## 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 budgeting guidelines (Oct-2010)

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- 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:

[www.theglobalfund.org/documents/core/guidelines/Core\\_BudgetingInGlobalFundGrants%20\\_Guideline\\_en.pdf](http://www.theglobalfund.org/documents/core/guidelines/Core_BudgetingInGlobalFundGrants%20Guideline_en.pdf)



# 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**

<http://www.theglobalfund.org/en/applicationmaterials/documentlistsingle/>

# GF costing and budgeting

## GF budget template

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

Cost category	Measurement unit	Unit cost year 1	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Total Quantity Year 1	Total Year 1
			Quantity	Total amount	Quantity	Total amount	Quantity	Total amount	Quantity	Total amount		
Training	Cost per guideline	5.33	0.0	0.0		0.0		0.0		0.0	0.0	0
Human Resources	Cost per visit/quarter	25,000.00	1.0	25,000.0	1.0	25,000.0	1.0	25,000.0	1.0	25,000.0	4.0	100,000
Health Products and Health Equipment	Cost/centre	15,000.00	0.0	0.0		0.0		0.0	5.0	75,000.0	5.0	75,000
Infrastructure and Other Equipment	cost/laboratory upgraded	7,000.00		0.0	25.0	175,000.0		0.0		0.0	25.0	175,000
Health Products and Health Equipment	cost/microscope	3,500.00		0.0		0.0		0.0	10.0	35,000.0	10.0	35,000
Health Products and Health Equipment	cost/laboratory	4,651.00	5.0	23,255.0		0.0		0.0		0.0	5.0	23,255
Health Products and Health Equipment	Total cost per year	188,833.00	1.0	188,833.0		0.0		0.0		0.0	1.0	188,833

<http://www.theglobalfund.org/en/applicationmaterials/documentlistsingle/>

# 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

# 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)

# 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)

# Potential challenges the GF faces

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- 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

# Examples of the challenge

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- 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.

# Opportunity for improvement

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- 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

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- 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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