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# TECHNICAL REPORT

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## Value for Money in Donor HIV Funding

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Sponsored by the AIDS Healthcare Foundation

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## Summary

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Although there is nearly \$16 billion in worldwide funding for HIV services (Kates et al., 2009), countries with the highest burden of disease are heavily reliant on donor funding from such sources as PEPFAR and GFATM for their HIV programs (UNAIDS, 2010, Annex 2). In recent years, commitments from these organizations have flattened while demand for HIV/AIDS care continues to rise. To meet the continued need for more HIV services in developing countries, existing resources need to be better leveraged, i.e., to provide improved value for money. This report examines options for improving value for money in HIV funding by using a case study that focuses on the two largest funders, PEPFAR and GFATM, with funding for antiretroviral therapy (ART) as our leading example.

### Understanding Value for Money

An understanding of value for money requires measures of an organization's financial inputs (i.e., what funds are available to the organization) and outputs (i.e., what the funds are used to buy). Input and output measures need to be linked in order to arrive at cost estimates for the services provided. These estimates can then be used for efficiency analysis to compare costs over time and across funders. Efficiency is typically defined as “the extent to which the interventions are produced at least cost” (Bautista-Arredondo, Gadsden, et al., 2008).

#### Inputs

Ideally, inputs would be assessed using data on actual expenditures. If expenditure data are not available, budget data might also be used; however, budget categories often change over time, and budgeted amounts often differ significantly from actual expenditures. Input measures should describe both how money is allocated at each level of an organization's funding hierarchy—from headquarters down to the country level and implementing partners—and how funds are allocated to different spending categories, including overhead and administration, capacity building, and HIV services.

#### Outputs and Outcomes

A variety of output and outcome measures have been identified in the literature and used by funders to determine what progress has been achieved with the funds spent to date. These include health outcome measures (e.g., infections averted, number of HIV cases detected through screening and counseling) and process measures of HIV services (e.g., percentage of funds disbursed, what funds were used to purchase) or health interventions (e.g., number of

clients served, number of people on ART). Some measures attempt to capture health outcomes in addition to quality (e.g., fraction of ART clients maintaining a certain level of adherence).

## Data Challenges

Our case study of PEPFAR and GFATM identified some challenges with existing data:

- **Cost data:** Expenditure data are not readily available for PEPFAR (necessitating the use of budget data for our analysis), and only aggregate expenditure data are available for GFATM, limiting our ability to review individual programs.
- **Output and outcome data:** There is significant potential for double-counting of services provided in programs supported by multiple funders. In addition, output and outcome indicators for such activities as health system strengthening, strategic information, and technical assistance are still underdeveloped.
- **Data accessibility:** The information we sought was scattered across multiple documents and locations and not readily available in a coherent manner. For both organizations, cost and outcome data were often located in separate documents, making it difficult to link these to arrive at a cost ratio.

## Results of the Case Study

Our assessment of available input and output data for PEPFAR and GFATM suggests that current spending allocations across direct and indirect services are not based on increasing value for money. Indirect services, such as capacity investments or health system strengthening, represent investments that might lead to cost reductions in the future. At the same time, these investments reduce the money currently available to provide services to people living with HIV. Allocation of funds among direct services (such as prevention and treatment) is made in accordance with loose (and sometimes competing) organizational guidelines.

We found little explicit focus within either organization on improving value for money. Neither funder has implemented a system based on explicit performance measures that links financing inputs with program outputs, such as linking the number of people on ART to the money spent to put people on ART. The measures currently in place look either at the money being spent (such as when countries are denied follow-on funding by GFATM when there is suspicion of corruption) or at the outcome level, such as when PEPFAR mandates that a certain percentage of PEPFAR's funds is planned for treatment as opposed to prevention. As long as these two dimensions are not linked, funders have no information on how to allocate monies toward better-value-for-money services.

## Recommendations

### Input Data

Expenditure data for PEPFAR should be made available to the public in a transparent fashion on an annual basis in a usable format. GFATM's Enhanced Financial Reporting system

is designed to clarify how funds are spent across individual programs. As GFATM publishes these results, we encourage it to make these data accessible for each program funded.

**Output Data**

Due to the potential for double-counting of patients, it is necessary to provide low and high estimates of treatment costs that account for a range of possibilities, from full overlap to no double-counting. Program output indicators to track indirect services are incomplete and need to be further developed.

**Spending Portfolio**

The trade-off between providing current services and providing future ones needs to be stated clearly, and funding decisions made accordingly. Spending decisions need to be periodically revisited and reviewed, particularly when new evidence comes to light, such as recent evidence on the merits of treatment as prevention.

**Focus on Value for Money**

Given projections that funding for HIV will likely not increase, particularly for low-income countries facing the highest HIV burden, an explicit emphasis on improving value for money by finding ways to better leverage existing monies is imperative.