Introduction to Results Based Financing at the Global Fund

Inter-agency Working Group, London, June 2014

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The Global Fund
Introduction Performance Based Funding

- The Global Fund since its creation made has made performance based funding one of its founding principles.

- Performance-based funding links resource allocation to a transparent assessment of performance, through a set of explicit rules and processes based on reviews of performance.

  - PBF part of qualitative factor adjustments to a country’s funding allocation, and principles behind Concept note preparation and grant making stages.

  - Key principle behind Performance-based annual funding decisions.
PBF: Methodology Overview

- PBF model provides:
  1. Upfront funding for first implementation period
  2. Subsequent disbursements tied to results obtained

This process has the following five (5) steps:

1. Calculate QUANTITATIVE INDICATOR RATING
   - Calculate Indicator Rating based on results achieved vs. targets.

2. Determine INDICATIVE DISBURSEMENT RANGE
   - Determine Indicative Disbursement Range based on Grant Rating.

3. Identify MANAGEMENT ISSUES
   - Identify Management Issues in the four functional areas (M&E, FM&S, PSM, I&P).

4. Derive OVERALL GRANT RATING
   - Derive Overall Grant Rating based on Indicator Rating and Management Issues (if any).

5. Decide DISBURSEMENT AMOUNT
   - Decide on Disbursement Amount based on grant performance and contextual factors.
New Funding Model – move to RBF in line with NFM principles

From previous model

- Passive role by the Secretariat in influencing investments
- Timelines largely defined by the Global Fund
- Hands-off Secretariat role prior to Board approval
- Low predictability: timing of Rounds, success rates and available funds
- Cumbersome undifferentiated process to grant signing with different delays

To new funding model

- More active portfolio management to optimize impact and VfM
- Timelines largely defined by each country
- Engagement by Global Fund Country Teams in country dialogue and concept note development
- High predictability: timing, success rates, indicative funding range
- Disbursement-ready grants with differentiated approach
Emerging RBF models the Global Fund

**Performance based service delivery models** use performance incentives for staff and health facilities (e.g., Benin and CCT or PBC World Bank models)

**Differentiated grant management models** change the way GF invests, shifting focus of GF oversight from inputs to outcomes

**Performance Incentives** agreed between Principal Recipient and Sub-recipient (or SR and SSR)

**National Strategy Financing (NSF)** based on financing a robust and costed National Strategic Plan without attributing GF financing to specific interventions or activities (Rwanda)

**Cash on Delivery (CoD)** based on tying financing levels to the achievement of a reduced number of high-level impact or outcome indicators (EMMIE)

**Verified Service Delivery (VSD)** based on tying a portion of grant funding to the successful delivery of service delivery “packages of activities”
There are many kinds of RBF

<table>
<thead>
<tr>
<th>Incentives primarily for:</th>
<th>Type of reward:</th>
<th></th>
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<tr>
<td>Countries and organizations</td>
<td>Payment based on FFS</td>
<td>Other monetary payments</td>
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<tr>
<td>Providers</td>
<td>PBF</td>
<td>PBC</td>
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<tr>
<td>Beneficiaries</td>
<td>CCT</td>
<td>OBA</td>
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- PBF: Payment Based on FFS
- PBC: Payment for Benefits
- COD: Conditional On Demand
- OBA: Other Beneficiary Assistance
- CCT: Conditional On Conditions
- PRP: Payment for Performance

- FFS: Fee for Service
Rwanda Results-Based Financing (RBF) model

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The RBF model aims to increase countries’ ownership, and is based on the establishment of a performance contract

**Performance Contract with the Global Fund**
(how will the disbursement of funds depend on the results measured by the performance indicators?)

- Complete alignment with national systems.
- Disbursements strictly based on performance towards pre-defined set of indicators.
- Flexible use of Global Fund funds, within pre-agreed National Strategic Plan OP.
- Significant oversight shifting to Country Mechanisms.

**Outcomes and Performance Indicators**
(what will be the outcome of implementing the NSP, and which indicators will measure that?)

**National Strategic Plan (NSP)**
(where do we want to be in 5 years, and how to get there?)

**National Operational Plan (NOP)**
(what are the yearly work plans that will allow us to implement the NSP?)
In Rwanda, reward-based Global Fund disbursements will represent around 50% of the country’s budget to fight HIV.

The first reward-based GFATM disbursement to Rwanda will be made in mid-2014 based on results for FY 2013/14.

GFATM disbursements flow through the Ministry of Finance’s treasury account. The Ministry of Health remains the responsible for overseeing program implementation.
Three major reasons explain why the RBF model was recently granted to Rwanda

- Proven track record of achieving impact

- Strong political commitment to fight HIV, and to do it with increased ownership

- Strong, adequate systems and processes in place that can support the realization of that vision
We created a good HIV strategy by making it ambitious (but realistic), cost-effective, and linked with operational plans.

HIV NSP as...

- **... an ambitious plan**
  - Aligned with the **overarching goals** of the Ministry of Health in Rwanda

- **... a realistic plan**
  - From a wishlist of activities into a **set of strategies aligned with internal budget and external funding expectations**
  - **A set of different scenarios** to take into consideration the uncertainty on future budget

- **... a cost effective plan**
  - Use of **EPI and financial indicators** to calculate impact of strategies
  - Refinement of each scenario to try to achieve **“more with the same money”**

- **... an operational plan**
  - **Link** between the **NSP** and the yearly **operational plans**
  - **NSP updated regularly** over the five years, to remain a valid strategic document
The Rwandan RBF model has three major components:

- Indicators
- Assurance
- Collaboration
Global Fund disbursements will be strictly based on the performance of six pre-defined indicators

- Percentage of infants born HIV-infected mothers who are infected by 18 months.
- Percentage of adults and children known to be on treatment 12 months after initiation of antiretroviral therapy.
- Percentage of eligible adults and children currently receiving antiretroviral therapy.
- Percentage of men having sex with men reporting condom use during last time they had anal sex with a male partner.
- Percentage of female sex workers reporting the use of condom during penetrative sex with their most recent client.
- Percentage of HIV/TB coinfected patients receiving both HIV and TB treatment.
Assurance mechanisms are present at the strategic, operational, and financial levels

- The country has a comprehensive NSP, and a detailed NOP that lists all activities, budget lines and source of funding for 2013-15, as agreed with partners.
- The Rwanda Office of the Auditor General audits the financial aspects, including government contributions.
- LFA verifies programmatic data following a rigorous data quality audit methodology.
- The U.S. Government plans to increasingly fund through the Rwanda Government. Potential procurement and supply chain assessments will be shared with the Global Fund.
- Separate service availability and readiness assessment (SARA) and procurement reviews are planned.
Collaboration among funding entities is encouraged

- On-going discussions with PEPFAR and others donors on alignment with the results-based financing model under the PEPFAR Country Health Partnership approach.

- The NOP, once finalized, will likely become a reference document and best practice for Country/Global Fund/PEPFAR collaboration. It includes and consolidates all planned activities regardless of funding source.
Elimination of Malaria in Meso America and Espanola Initiative (EMMIE)*

*Belize, Costa Rica, Republica Dominicana El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua and Panama
Investing in our future
The Global Fund
To Fight AIDS, Tuberculosis and Malaria

MALARIA FREE
Where the problem is:

3 countries <100 cases,

4 countries <2,000 cases

3 countries > 2000 cases

Low disease – High disease burden

3 strata classification
Political Commitment and Development of the Concept Note

- 5 Dialogue Meetings
- Civil Society / Affected Communities included
- Partners support
- Regional MOH Council (COMISCA)
- Executive Directorate of COMISCA (SE COMISCA)
- Regional Coordinating Mechanism (RCM)
Programmatic gaps in the sub-region

1. Fractioned and limited national funding

2. Existing sub-regional and national plans focused on malaria control not on elimination

3. Operational limitations to deal with mobile populations and at risk populations.

4. Insufficient and inadequately trained human resources

5. Lack of structured participation of civil society and affected populations.
Sub-regional approach: value added

1. **Political**: multi-country negotiations with top level authorities.

2. **Programmatic**: sub-regional standardization of key interventions.

3. **South-to-south learning**: actively promoted and facilitated.

4. **Civil society participation**: structure and promote its participation in malaria elimination efforts.
Investing for Impact

- This funding ($10.2 M) **does not** pretend to cover financial gaps related to elimination efforts.

- Catalytic effect for the sub-region to focus on impact by:
  - **Stimulating** shift from a malaria control focus towards a pre-elimination and elimination focus.
  - **Incentivising** countries to accelerate the pace towards malaria elimination.
  - **Rewarding faster progress** in reducing local malaria cases by linking achievements to *a results based financing mechanism* - Cash on Delivery (CoD)
Accelerate efforts

$10.2 M - EMMIE

Countries with grants
- Guatemala $18M
- Nicaragua $4M
- Honduras $7M
- Haiti $37M
- Dominican Republic $6M

Countries without grants
- Panama
- Belize
- Costa Rica
- El Salvador
- Mexico

Eligible
Non eligible
Eligible only for regional

In-country funds
Future funds from GF
Other donors
Additional resources
Cash on Delivery model

- **Single impact indicator**: number of local malaria cases

- More solid baseline to be developed in year one (2014): which may lead to increased number of local cases for several countries.

- Annual target reduction (%) from 2015 onwards: based on a proportional reduction (rather than net numbers) as these will depend on the number of cases reported at the end of 2014.
Cash on Delivery model

• **Financial reward based on target achievement (70% of funds):** at the end of year two (2015) and year three (2016) and for all countries complying with agreed target reduction.

• **Impact externally and independently verified:** rewarding countries *post facto* when impact has been achieved and confirmed.

• **Independent evaluation of EMMIE CoD (CHAI)**
**EMMIE**

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<tr>
<th>Year</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>Mar-2014</td>
<td>- Signature of grant</td>
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<tr>
<td>Q2-2014</td>
<td>- Disbursement of start-up funds $200,000 to six countries and reprogramming of existing funds in other countries</td>
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<tr>
<td>Q1-2015</td>
<td>- Countries present 2014 results</td>
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<tr>
<td></td>
<td>- External verification applied</td>
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<tr>
<td></td>
<td>- Baseline confirmed</td>
</tr>
<tr>
<td>Q1-2016</td>
<td>- Countries present 2015 results, verification of results and application of reward procedure (COD).</td>
</tr>
<tr>
<td>Q1-2017</td>
<td>- Countries present 2016 results, verification of results and application of reward procedure (COD).</td>
</tr>
<tr>
<td>2018-2019</td>
<td>- New allocations and support from third parties.</td>
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Thank you!

Questions, comments, suggestions, recommendations?