40th Board Meeting

Update on Value for Money (VfM)

For Board Information

GF/B40/ 15
Geneva
14-15 November 2018

The Global Fund

Contents

1. What is VfM

- 1.1 Defination of VfM
- 1.2 Why is VfM Critical to the GF
- 1.3 4Es + S
- 1.5 Do and Don't of VfM
- 1.6 Trade offs of VfM

2. Overview of VfM at the GF

- 2.1 VfM Workstreams at the GF
- 2.2 Leveraging Efficiency during the GF Grant Cycle

3. Examples: 4E+S

- 3.1 Economy
- 3.2 Effectiveness
- 3.3 Efficiency
- 3.4 Equity
- 3.5 Sustainability

4. Partners and Future Plans

4.1 Partnerships for VfM
4.2 Moving Forward
4.3 Resources

1.1. Value for Money (VfM)

What is VfM?

The concept of 'value' is **embedded in Global Fund's Strategy 2017-2022** *Investing to End Epidemics* and in its twelve strategic Key Performance Indicators.

Applying *VfM* means **maximizing the impact and outcomes of GF investments** - *"getting the best bang for your buck"*

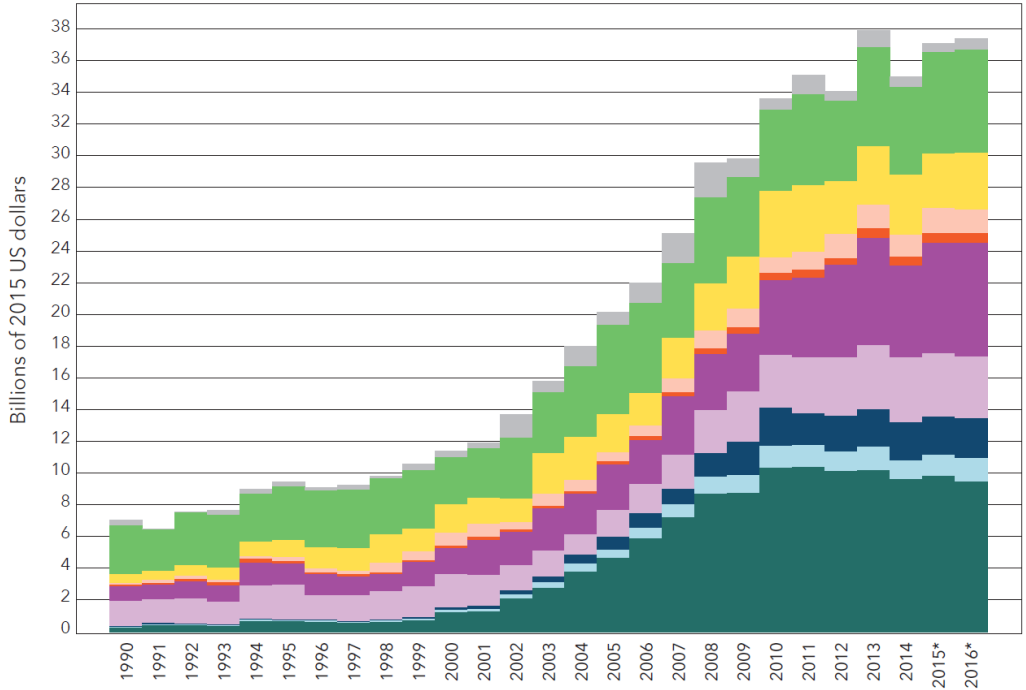
In other words**, making the best possible use of available resources** to

- maximize impact on HIV, TB and malaria;
- help build resilient and sustainable systems for health;
- promote and protect human rights and gender equality; and
- mobilize increased resources

Essential to attaining the SDGs and achieving Universal Health Coverage (UHC)

1.2. Why Value for Money is Critical to the GF ?

ODA is static, domestic resources for health are increasing- this will not translate into better health outcomes without considering if the investments provide value for money



Unidentified
Other
HSS/SWAps
Other infectious diseases
Non-communicable diseases
Newborn and child health
Maternal health
Malaria
Tuberculosis
HIV/AIDS

Malaria, Tuberculosis & HIV/AIDS

*2015 and 2016 are preliminary estimates.

Note: Health assistance for which we have no health focus area information is designated as "unidentified." "Other" captures DAH for which we have project-level information but which is not identified as funding any of the health focus areas tracked.

HSS = Health system strengthening

SWAps = Sector-wide approaches

Source: IHME DAH Database 2016

Source: IHME, Financing Global Health 2016: Development Assistance, Public and Private Health Spending for the Pursuit of Universal Health Coverage, Seattle, WA: IHME, 2017

1.3. What are the 4Es+S

VfM = 4Es + S

ECONOMY

Are we / our agents / countries procuring inputs of appropriate quality at reasonable prices?

SUSTAINABILITY

How sustainable are the financing, spending and management approaches to disease programmes and health systems?

EFFICIENCY

How well are 'we' turning those inputs into outputs and outcomes?

EQUITY

- How fairly are the benefits being distributed, leaving no one behind?
- To what extent can we reach vulnerable and marginalised groups?

EFFECTIVENESS

- To what extent are those outputs having their intended effects?
- **Cost-effectiveness:** What is the intervention's impact on disease burden relative to the inputs being invested?

The Results Chain of VfM for the Global Fund

Maximize the impact of each dollar spent to respond to the three diseases under a resilient and sustainable system for health

ECONOMY

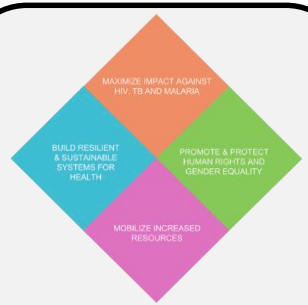
EFFICIENCY

EFFECTIVENESS

INPUT → PROCESS → OUTPUT → OUTCOMES → IMPACT

EQUITY

SUSTAINABILITY



The Global Fund Strategy 2017-2022

Staff, health products, capital
eg. ARVs and LLINs

The methods by which inputs are used
eg. ART service, provision, LLINs distribution

Results delivered directly by national programmes and partners
eg. numbers on treatment, population at risk

Health outcomes generated from investments through targeting and prioritization
eg. cases treated successfully

Long-term transformational change
e.g. mmortality and incidence reduction; elimination of the three diseases

The Vfm pillars are applied to specific cohorts in the GF portfolio, based on country need, demand, and position along the development continuum

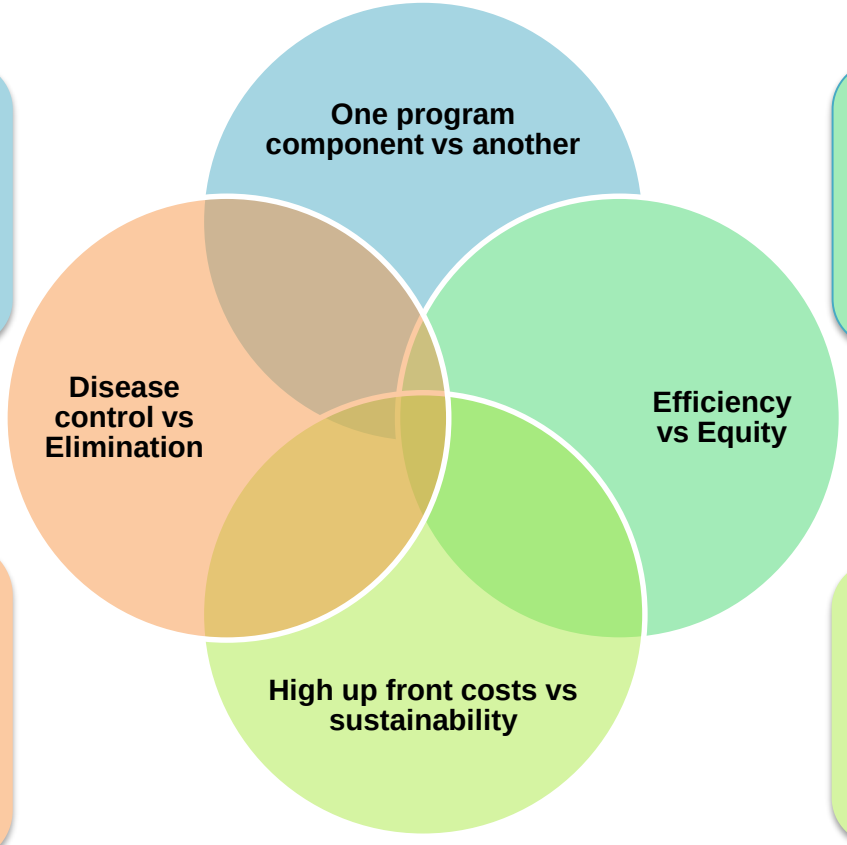
1.5. Do and Don't of VfM

	Do	Don't
COSTS	Focuses on the relationship between the costs and outcomes	Paying the lowest price for goods or services
BENEFITS	Encourages investments in robust evaluations to develop evidence and identify high-impact interventions	Investing in what is easiest to measure
RISK	Encourages a balanced portfolio, with high-risk but potentially high-impact activities balanced by lower risk interventions with more dependable impact	Investing only in known low risk interventions
FLEXIBILITY	Recognizes that to achieve impact, interventions must be adapted to complex environments, which in turn influences costs	Promote one-size-fits-all approaches that fail to account for differences in context

1.6. VfM in Operation: Trade-offs are unavoidable in achieving VfM

For example: Determining the level of investment in

- different program or system components - data systems *vs* supply chain *vs* financial management systems, or
- vector control *vs* case management



For example: Reaching those furthest left behind, through programs to remove human rights and gender-related barriers, might be more costly in the short term however such investments yield most returns in the long term.

For example:

- allocating resources to malaria control in high endemic vs pre-elimination areas
- promoting equity by investing more to address the needs of vulnerable populations

For example: Finding a balance between reaching coverage levels of critical interventions needed to achieve impact, and ensuring financial sustainability to maintain or scale them up over time.

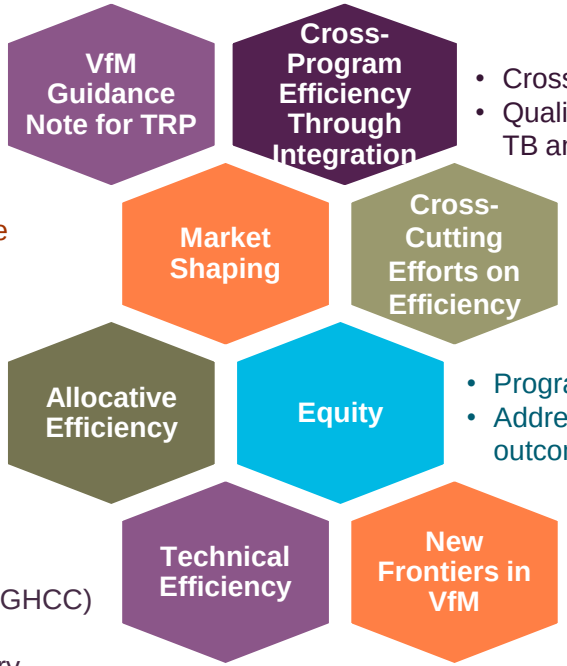
2.1 Some of the Ongoing VfM Workstreams at the GF

- New cadre of VfM specialists
- Development of a common approach to VfM across the TRP review approaches
- Alignment of TRP and TERG approach to VfM

- Sourcing Department's market shaping strategy to lower input price ensuring quality and promoting competitive market

- Supporting countries to develop costed and prioritized NSPs and Funding Requests
- KPI 4 on investment efficiency

- Global Health Costing Consortium (GHCC)
- Efficiency of LLIN distribution
- Promote efficiency in service delivery



- Cross-programmatic efficiency analysis with WHO
- Quality and efficiency improvement of integrated HIV, TB and malaria services in antenatal and postnatal care

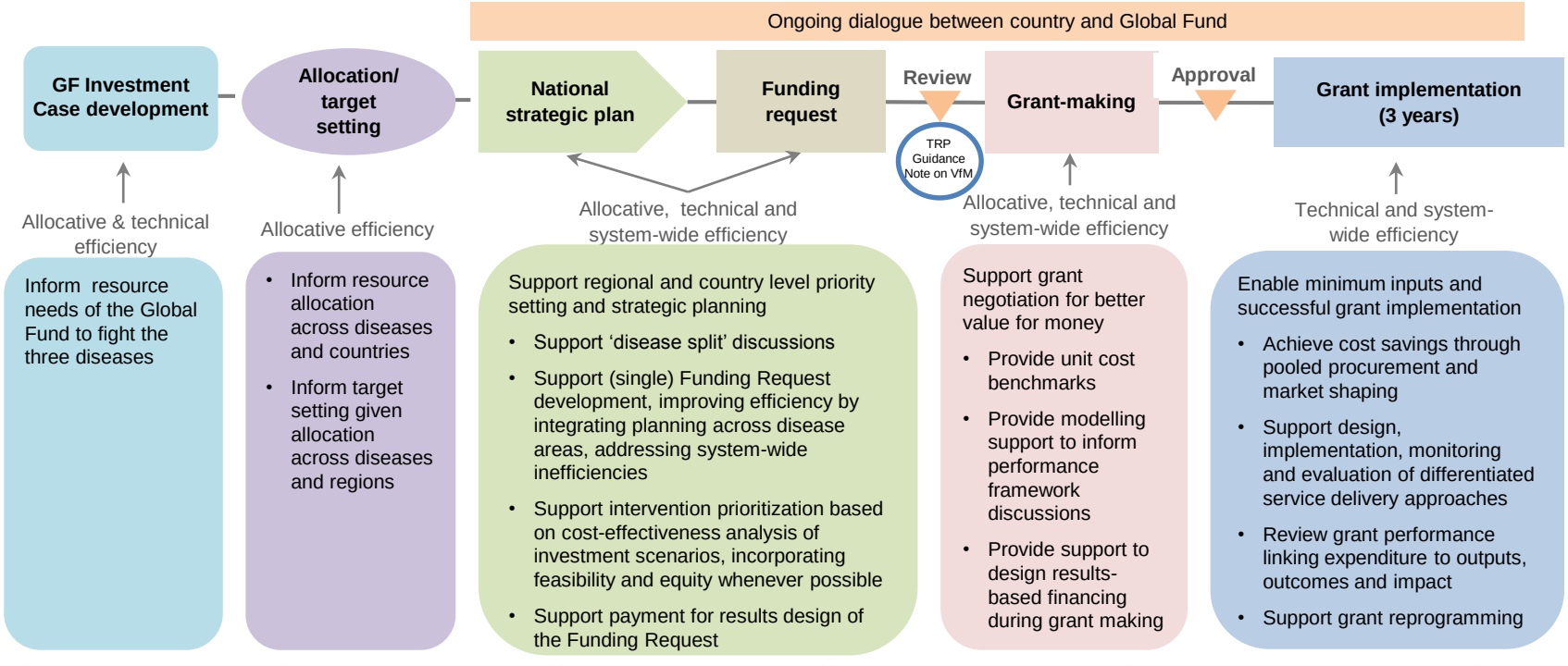
- Sustainability and transition activities
- HSS Dashboard
- Health Technology Assessment

- Programs to reduce human rights-related barriers
- Addressing sex and age related disparities in disease risk and outcomes (KPI8)

- Geo-targeting
- Demand-side incentives (e.g. cash transfers)

2.2. Leveraging efficiency throughout the Global Fund grant cycle

Priority actions



The Vfm pillars are applied to specific cohorts in the GF portfolio, based on country need, demand, and position along the development continuum

3.1. Economy: Obtaining inputs at least cost

Definition: **Obtaining inputs we need to provide preventive or curative care of appropriate quality and cost* (given supply security, quality, etc.)**

- The largest cost components will be commodities (e.g. drugs) and personnel
- The costs of commodities can be reduced by improving market conditions

While paying the lowest obtainable prices drives economy, equity is also a necessary consideration

- Failing to reach key, vulnerable populations must be considered poor VfM

Examples from GF operations

- Pooled procurement mechanism for Global Fund leading to lower prices for key commodities valued at 1.1b USD in 63 countries in 2016.
- Framework contracts: ARV 364m USD, ACT 130m USD; and LLINs 225m USD, in 2016
- Benchmarking of unit costs (Finance Department)
- Benchmarking of service delivery unit cost planned with PEPFAR

3.2. Effectiveness: Achieving the intended effects

Definition: **The extent to which interventions and activities achieve their intended outcome and impact targets**

Assessing effectiveness accounts for the impact an intervention has on the overall disease burden of a population & if it adequately addresses the needs of vulnerable populations.

Examples from GF operations

- ❑ The GF has targeted investments to increase the effectiveness of its investments through:
  - Finding missing cases (TB)
  - Providing access to treatment and increasing the coverage levels of bed nets (malaria)
  - Prioritizing services to key populations and scale up service coverage (HIV)
  - Improving quality of service delivery, e.g. through differentiated care models i.e. focus on program quality and efficiency (PQE)
- ❑ The GF, as mandated by KPI 9b, targets investments in programs to remove human rights-related barriers as a means to ensure effectiveness of its overall investments, and increase access to, uptake of and adherence to services
- ❑ The GF has collaborated with technical partners and funders to promote the development and adoption of new technologies (e.g. Unitaid), disseminating technical guidelines for disease response
  - Roll out of new generation of bed nets to address insecticide resistance

3.3. Efficiency: Transforming inputs into outputs efficiently

Definition: **Achieving maximum outputs or best health outcomes for a given level of investment.**

Every country's resources are limited, so using available funds efficiently is essential to maximising impact:

- Human resources, the choice and use of technology, procurement and supply chain management are key areas where efficient approaches are critical
- Integration of disease programmes into health system platforms (PHC, MNCH)

Optimizing the HR mix

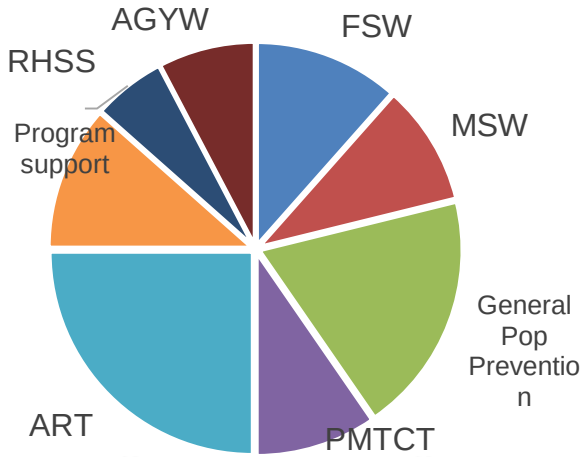
Investment in effective technology

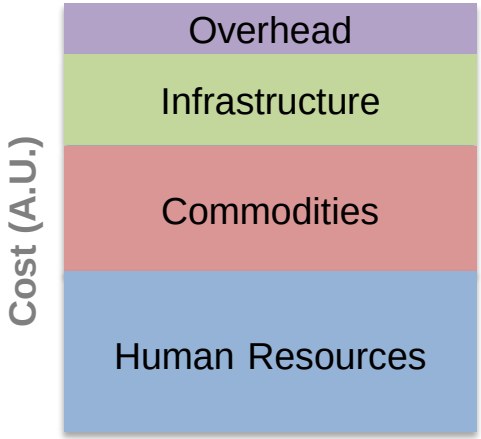
Effective supply chain management

Examples for Efficiency at the Global Fund

Overall efficiency includes both allocative and technical efficiency of disease programs

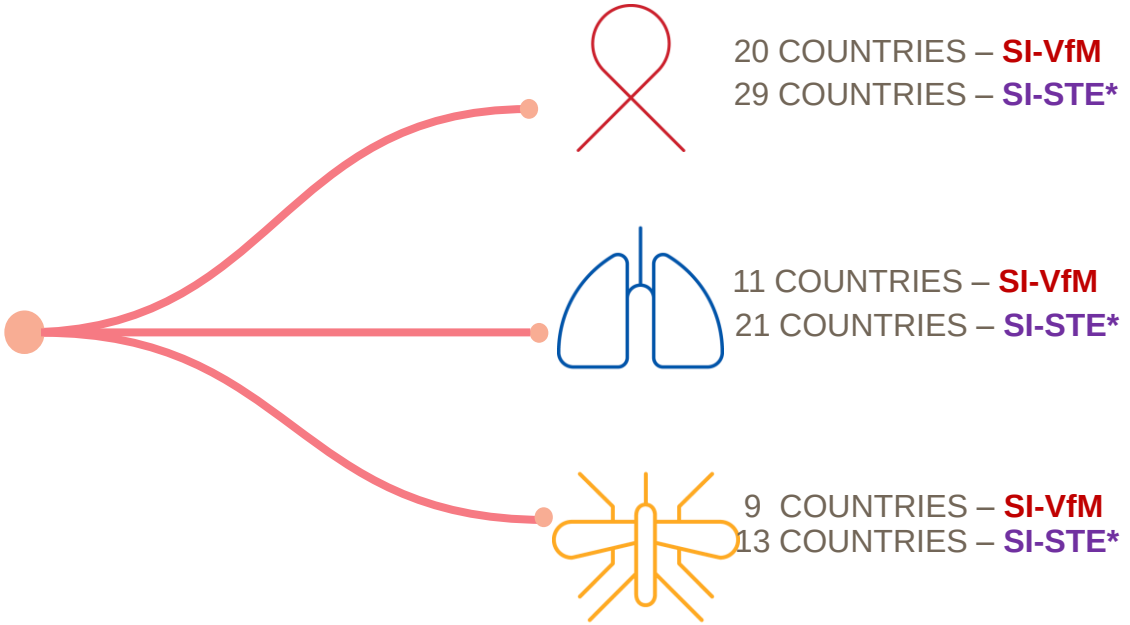
OVERALL EFFICIENCY = ALLOCATIVE EFFICIENCY + TECHNICAL EFFICIENCY





Allocative Efficiency at the Global Fund:

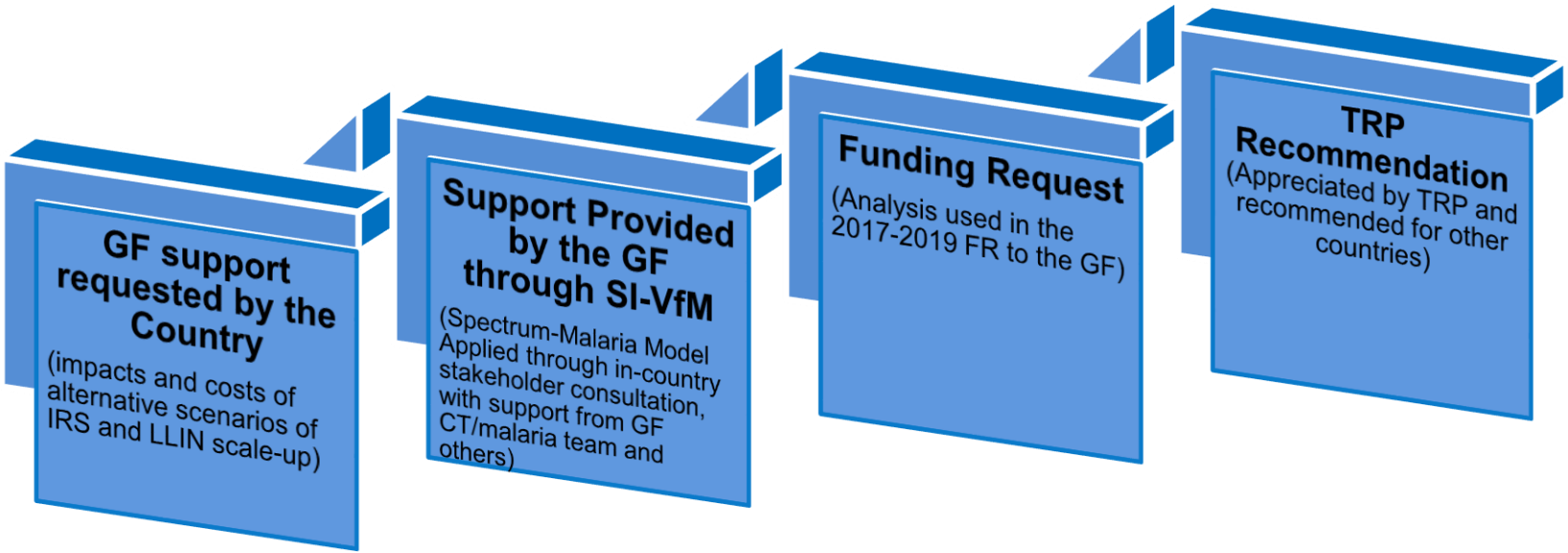
In the last two allocation cycles, the Special Initiative on Value for Money i.e. SI-VfM (2014-2016) and Sustainability, Transaction, and Efficiency Strategic Initiative SI-STE (2017-2019) have supported application of allocative efficiency models in country disease programming, to inform the development of National Strategic Plans (NSPs), Investment Cases, GF Funding Requests, Grant Making and Grant Implementation.



Allocative efficiency models provide a basis for partner deliberations on how funds can be allocated for maximum impact

SI-STE support is tentatively requested from GF country teams

Example: Allocative Efficiency in the Zimbabwe Malaria Program



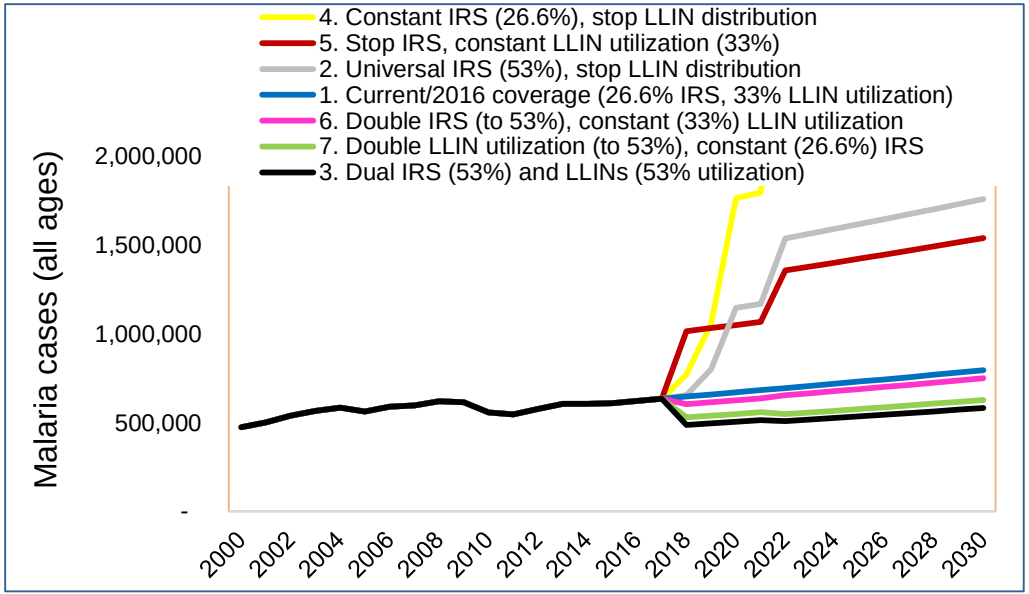
Improved Allocative Efficiency of Zimbabwe Malaria Program (Cont'd)

Zimbabwe's National Malaria Program requested Global Fund support to explore the expected impacts and costs of alternative scenarios of IRS and LLIN scale-up, the Spectrum- Malaria Model was applied:

Key Messages

- The likely impact of various Zimbabwe malaria program intervention scenarios (vector control and case management) was assessed and compared
- The graph compares the disease burden (e.g. malaria cases) of different vector control plans to inform strategic resource allocation
- Analysis informed the development of Zimbabwe national malaria program's funding request of 2017

Spectrum-projected malaria case incidence in various counterfactual scenarios



Improved Allocative Efficiency: Zimbabwe Malaria Program (Cont'd)

Costs (2017-2024), infections averted (2018-2025) and (incremental) cost per infection averted

	Cost, LLINs + IRS (2017-2024)	Cases averted (2018-2025)	Cost per case averted*
1. Current/2016 coverage (26.6% IRS, 33% LLIN utilization)	$ 48.0M	15.6 M	$ 3.1
2. Universal IRS (53%), stop LLIN distribution	$ 37.6M	11.0 M	$ 3.4
3. Dual IRS (53%) and LLINs (53% utilization)	$ 84.6M	17.0 M	$ 5.0
4. Constant IRS (26.6%), stop LLIN distribution	$ 18.7M	4.2 M	$ 4.4
5. Stop IRS, constant LLIN utilization (33%)	$ 29.3M	11.4 M	$ 2.6
6. Double IRS (to 53%), constant (33%) LLIN utilization	$ 66.9M	15.9 M	$ 4.2
7. Double LLIN utilization (to 53%), constant (26.6%) IRS	$ 65.7M	16.7 M	$ 3.9

High impact, high cost

High impact, lower cost

"The Secretariat Briefing Note included an excellent value-for-money table and summary on vector control options in Zimbabwe. This exercise would be very valuable to other countries to undertake in planning and developing funding requests. The TRP appreciated this information, and recommends that such exercises be included in the funding requests from the Applicants, to enable the TRP to use this information more effectively in the review."

-TRP's comment on the Secretariat Briefing Note prepared by the Zimbabwe country team based on the allocative efficiency modelling analysis)

Country Example: Senegal and Gambia (Malaria)

Impact Projection of Malaria Control (2017)

GF support requested by the two countries for Cross-Border Collaboration

↓

Support provided by the GF through SI-VfM applying ESP tool

↓

Funding Request
(Analysis fed into FR identifying key areas of collaboration)

↓

Results
(Successful collaboration, Fund raising, Development of joint strategies, appreciation from the President of the Gambia in London Malaria Summit)

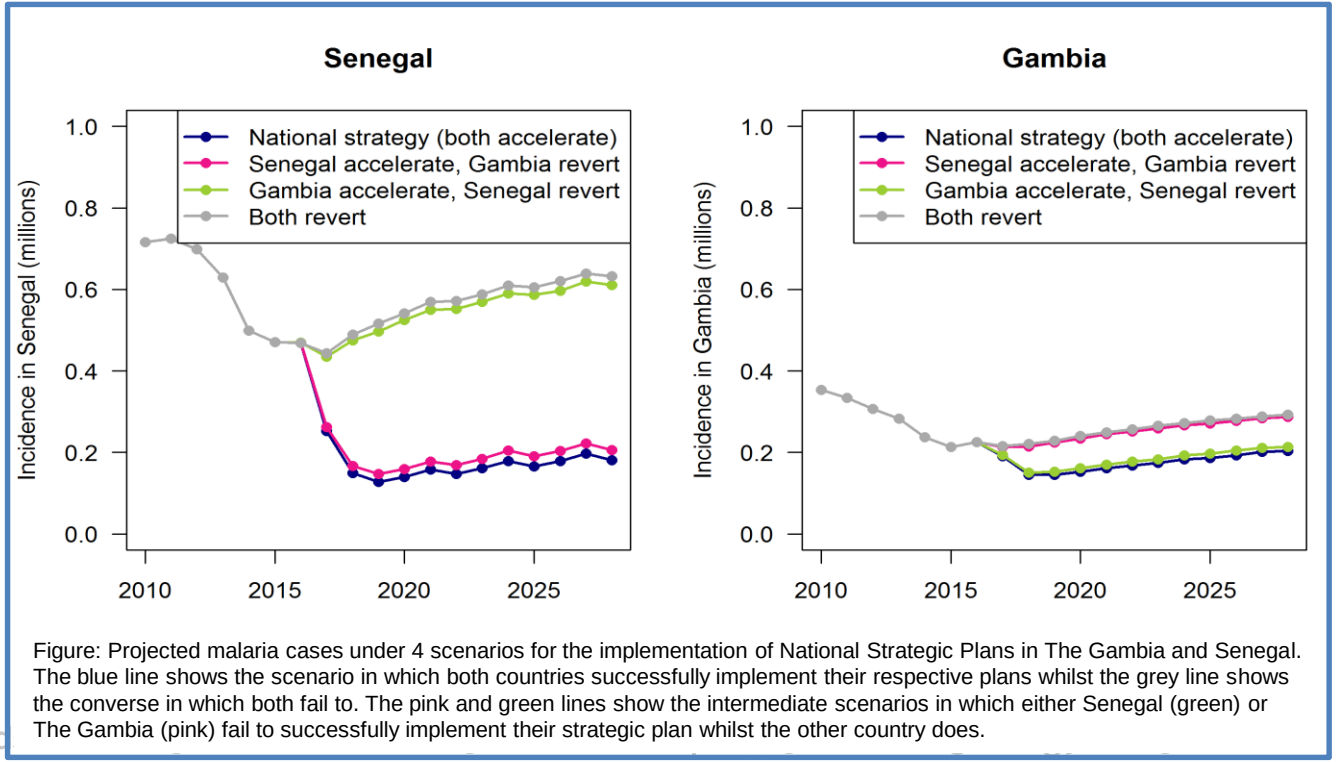


Figure: Projected malaria cases under 4 scenarios for the implementation of National Strategic Plans in The Gambia and Senegal. The blue line shows the scenario in which both countries successfully implement their respective plans whilst the grey line shows the converse in which both fail to. The pink and green lines show the intermediate scenarios in which either Senegal (green) or The Gambia (pink) fail to successfully implement their strategic plan whilst the other country does.

KPI 4: Investment Efficiency: To quantify overall efficiency of national disease programs to maximize impact

Step 1.
Estimate Efficiency of Current Program Design

Step 2.
Estimate Efficiency of 'Business as Usual' Program Design

Step 3.
Calculate the Change in Efficiency of a National Program

- Represents the first large scale attempt to measure disease program efficiency at the Global Fund.
- Combines epi transmission dynamic models with unit costs.
- Big step forward away from measuring whole system efficiency to measuring disease program efficiency.

Example: Calculating the Change in Efficiency of the National Program*

Measure	Business as Usual Design	Current Program Design	Change in Efficiency
Cost per life saved	$2000	$1500	25%
Cost per infection/case averted	$1000	$800	20%
Cost per DALY averted	$500	$400	20%

$$\textbf{Change in Efficiency} = \frac{\$2000 - \$1500}{\$2000} * 100\% = 0.25 = 25\%$$

*These calculations are done for each time horizon of interested (e.g., 2017-2019, 2017-2025, 2017-2030)

Funding | Design | Implementation | Results

What

KPI 4 – Investment efficiency

Measure	Mid-2018 Result	Key takeaways
Change in cost per life saved or infection averted from supported programs	**Results due for reporting Spring 2019** **Target** 90% of countries measured show a decrease in or maintain existing levels of cost per life saved or infection/case averted over 2017-19 period	• Approx. **30** disease programs in high impact countries have used / are using in-country modelling to inform development of NSPs & funding requests in 2017-19 cycle • KPI4 methodology refined through Global Fund Modelling Guidance Group consultation in May 2018 • **38 disease programs** have had investment efficiency assessed, with results in the process of being refined and reviewed by Country Teams

Methodology

National Strategic Plan → Funding Request → Grant Making → Grant Implement-ation

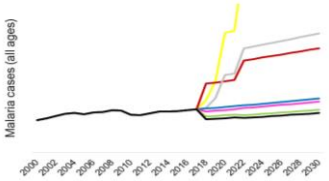
In-country modelling support to 1) project impact of different program designs and 2) inform NSP & funding request to maximize impact & efficiency

KPI 4 assessment to measure whether the design of the national program over current GF allocation cycle is more/less efficient than that of the previous allocation cycle

Does current program design avert more cases/infections or deaths, compared to business as usual design, given same funding envelope?

Case study: Modelling and KPI 4 assessment for malaria program in Africa

Investment Scenario Analysis



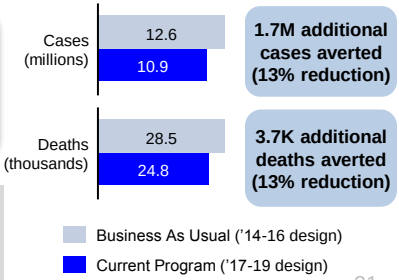
7 programmatic scenarios modelled in terms of cases averted & cost per case averted

Modelling analysis used to inform funding request

"…excellent VfM table and summary on vector control options… TRP recommends that such exercises be included in the funding requests from the Applicants…"
- TRP

Modelling analysis commended by TRP for insightful analysis to inform investment decisions

Projected reduction of disease burden over 2018-2030



3.4. Equity: Fair or socially just allocation

Definition: **The absence of avoidable or remediable differences among groups of people**

- Efficiency and equity do not always go hand in hand in the short term, but equity is imperative for effectiveness and long-term gains – in public health, upholding rights, and monetary terms
- While targeting easiest to reach population with an intervention may appear to yield maximal impact, targeting a remote or marginalized population with a higher disease burden or risk fulfils their equal rights in accessing care and brings more sustainable public health results

Examples from GF operations

- Baseline assessments of human rights-related barriers, programs to address them and their costs and funding sources carried out in 20 countries
- Pilot testing of Multi-criteria Decision Making (MCDA) to incorporate human rights into priority setting.
- Bellagio meeting on human rights and economic analysis planned for early 2019, with the objective of quantifying structural drivers for health into traditional cost-effective analysis
- Incorporating equity into transmission disease modelling to support resource allocation decision-making.

3.5. Sustainability: Maintaining gains long-term

Definition: **The ability of a health program or country to both maintain and scale up coverage to a level that will enable ongoing control of a public health problem.**

- To strengthen health systems, end the HIV and TB epidemics, and achieve malaria elimination, Global Fund investments aim to balance longer-term sustainability against near-term efficiency and effectiveness.
- A sound investment choice should reflect a balance between achieving an adequate level of coverage with an intervention to achieve impact, and ensuring the financial sustainability to maintain or scale-up the intervention over time, as well as the systems necessary to support it.

Examples from GF operations

The GF is working to increase the sustainability of its investments through:

- Ongoing efforts to strengthen co-financing of GF programs, including via the co-financing policy
- Funding health financing strategies, resource tracking, and budget advocacy
- Supporting strengthened transition and sustainability planning and assessments
- Engagement with broader health system initiatives to rationalize the overall resources available

4.1. Partnership for VfM

- Value for Money working group with **Unitaid**
  - Adding cost-effectiveness to introduction of new technologies/HTA (e.g., new generation bednets project)
  - Costing the HIV care cascade in Kenya
- **PEPFAR-Gates-GF Health Economics Working Group**
  - Joint resource alignment (resource tracking and budget mapping) of PEPFAR and GF resources
  - Above service delivery cost (e.g. supply chain, HR, health information system)
  - Differentiated service delivery models
- Strengthened collaborations with other financing institutions **(GAVI, GFF, WBG) + SDG 3** accelerator
  - Joint operations with GAVI
  - Joint learning network efficiency collaborative
- Joint allocative efficiency modeling collaboration with **partners (e.g. WHO, UNAIDS, Gates Foundation, Stop TB Partnership)**

4.2. Moving Forward

1. On-going work to embed the Global Fund **VfM Framework** in grant operations and decision-making to ensure a uniform application across portfolios

2. Implementation of **TRP Guidance** note on VfM in next cycle

3. Ensuring all pillars of VfM are integrated across the grant cycle through **inclusive partnership:**

   - **Economy:** Improve quality, consistency and availability of unit costs in collaboration with partners
   - **Effectiveness:** Focus on improving quality of services (e.g. PQE)
   - **Efficiency:** Strengthen allocative and technical efficiency of GF grants and refine reporting on KPI4
   - **Equity:** Ensure remote, vulnerable and key population are included in all aspects of VfM
   - **Sustainability:** Strengthen co-financing, sustainability and transition planning across portfolios

4.3. Available Resources: VfM Framework and Guidance Note