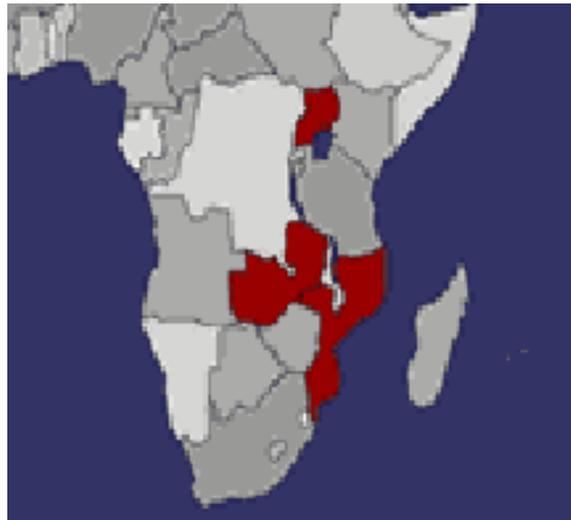




## **WHAT ARE DONORS DOING WITH AIDS MONEY?**



**A COMPARATIVE ANALYSIS OF FUNDING PRACTICES OF THE  
GLOBAL FUND, WORLD BANK MAP AND PEPFAR IN  
MOZAMBIQUE, UGANDA AND ZAMBIA**

# Study Objectives

1. To describe the levels and types of funding from the donors and to highlight the procedures through which funds are committed, released and accounted for in the three focus countries [Mozambique, Zambia and Uganda]
2. To describe bottlenecks and other difficulties in the disbursement of funds, and identify specific ways in which donor agencies could make the resources move more efficiently.
3. Assess and document the way donor disbursement systems may or may not build national capacity to address the AIDS pandemic

# Methods

- Rationale for host country selection included:
  - Diversity: size, HIV/AIDS prevalence; development indicators etc
  - Location within Sub-Saharan Africa
  - Opportunity to study donor programs on the ground in diverse contexts
- In country research was conducted by 3 partners in each country.
- Field research coordinated by Field Director based in Nairobi –Kenya
- Overall effort managed and coordinated by the HIV/AIDS Monitor team at CGD in Washington D.C.
- Data collection methods included:
  - a desk review of donor documents;
  - key informant interviews with donor officials; government officials; ROs and SROs.

# Study Limitations

- One limitation of the study is its generalizability given that the way programs are implemented in these three countries may not be indicative of donor practices in other African countries.
- None of the donors makes publicly available all the types of funding that would be required to truly trace funding from source to ultimate use, which limits the opportunity for in-depth analysis
- HIV/AIDS monies are used in a broad range of sectors, from health to education to transportation and mining, complicating the task of sorting out both amounts and uses.
- The funding flows through a diverse set of channels, some within the public accounting system in- and some outside it, making it hard to account for all funds.
- The country researchers encountered difficulties in gaining access to and information from some government and donor officials.

# Key Findings and Recommendations

# Six Best Practices for Effective Donor Funding Systems

Paris Declaration Aid Effectiveness Principles\*

Ownership

Alignment

Harmonization

Results

Accountability



Six Key Practices of Donor Funding

Working With the Government

+

Building Local Capacity

+

Keeping Funding Flexible

+

Selecting Recipients

+

Making the Money Move

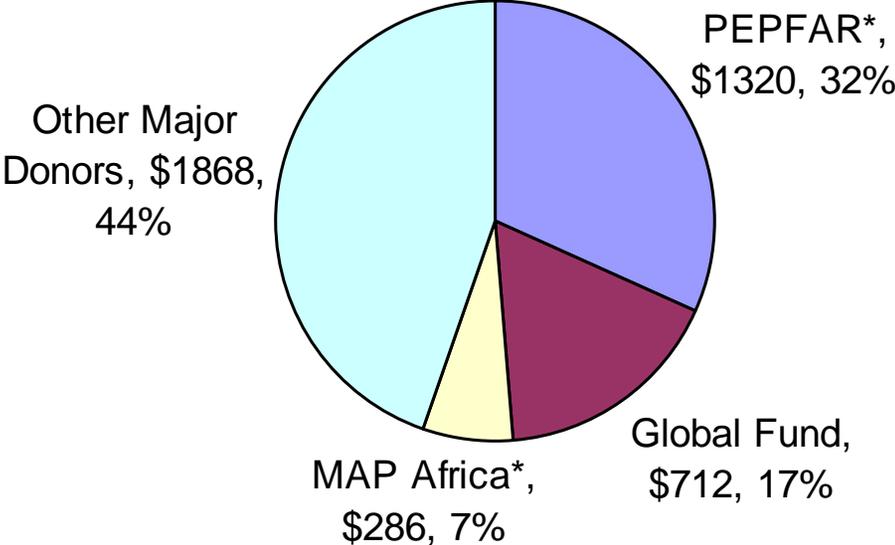
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Collecting/Sharing Data

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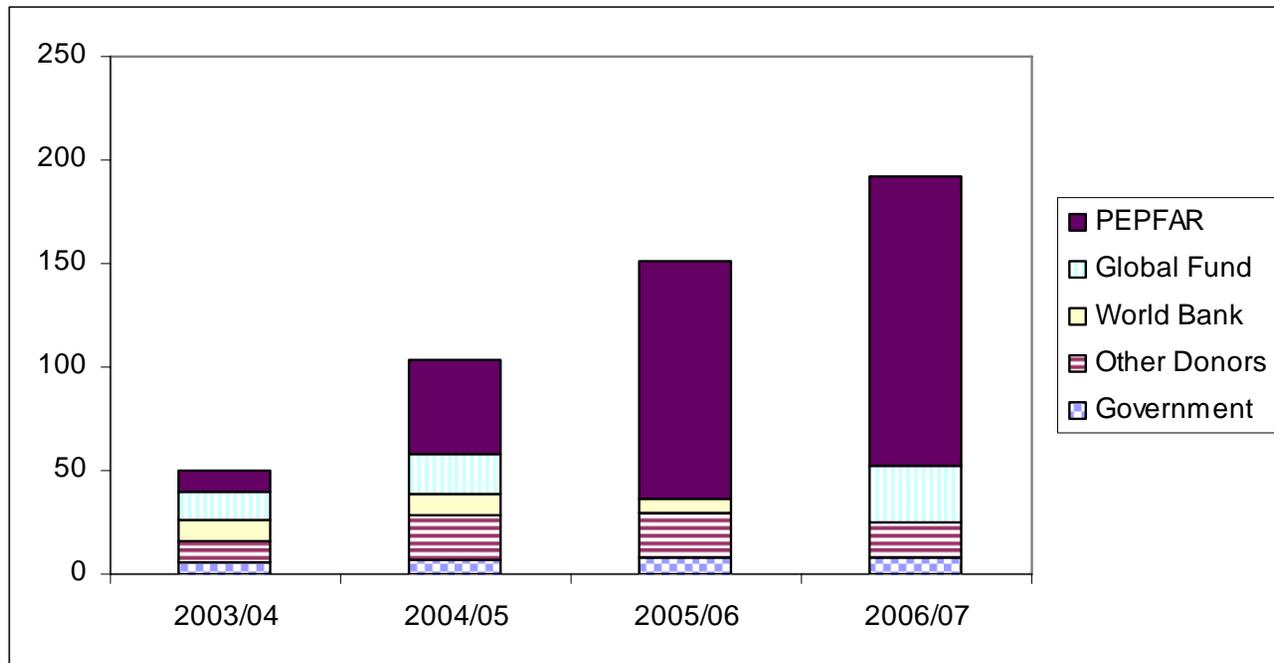
Effective Funding Systems and Procedures

# 2006 AIDS Disbursements by Major AIDS Donor (USD Millions)



Source: Authors' construction using data from public reports and from the donors.  
\* MAP Africa funding does not include other HIV/AIDS disbursements from the World Bank. PEPFAR funding does not include disbursements made to the Global Fund.

# Uganda National HIV/AIDS Funding (USD Millions)



Source: Lake, "Sector Based Assessment of AIDS Spending in Uganda 2006."

Note: Based on the Ugandan fiscal year.

# Donor's Funding Approach

- ***PEPFAR: An Emergency Response Based on Achieving 2-7-10 Global Targets, prioritizing efficiency***
- ***The Global Fund: Flexible Funding, Based on Country Ownership and Performance-Based Funding principles***
- ***World Bank MAP: Strengthening the National Response by Targeting Recipients, Building Capacity, and Strengthening Institutions***

# Recommendations: PEPFAR

- ***Make the government a true partner in PEPFAR programs***

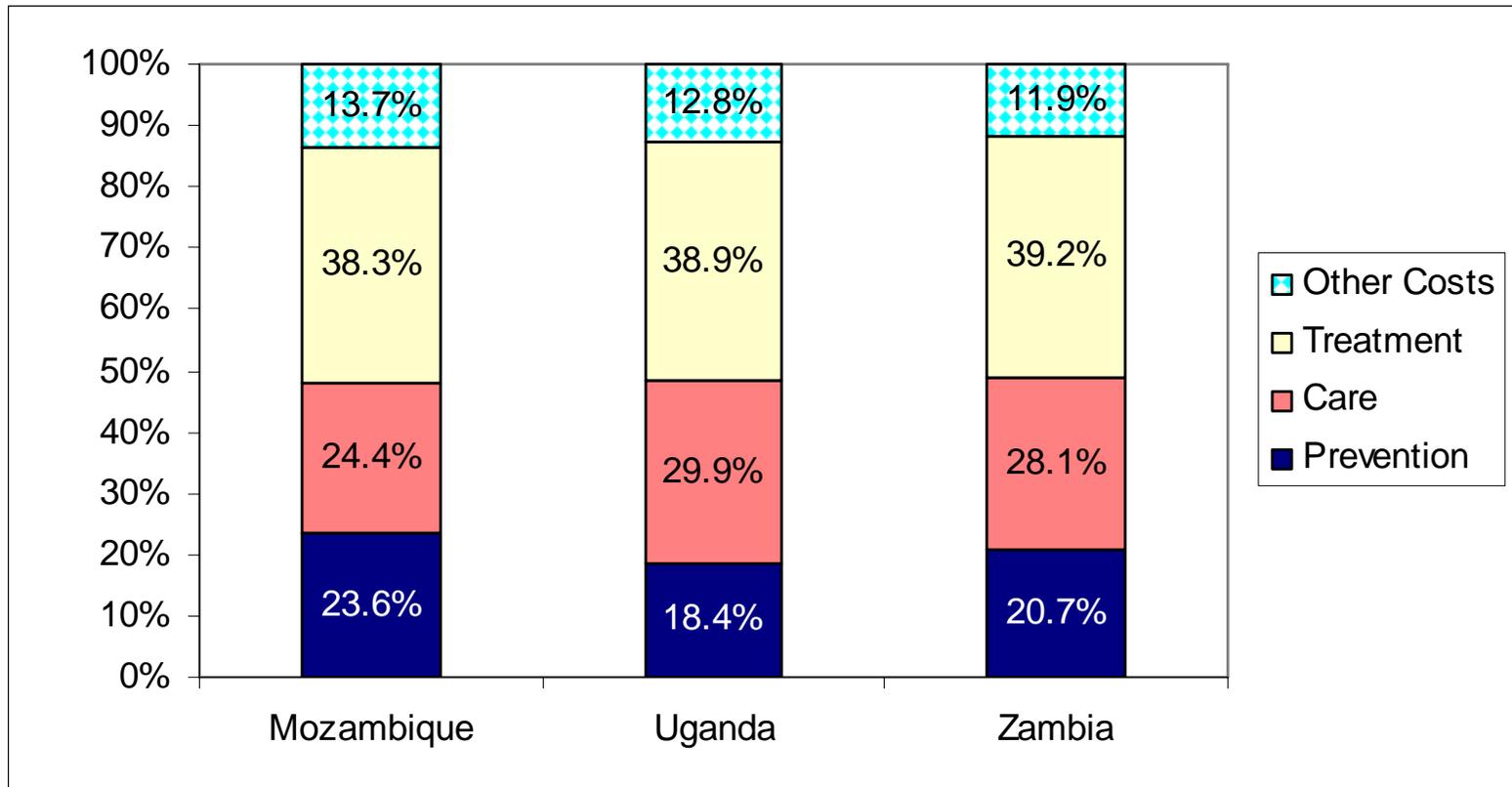
# PEPFAR & Government Interaction

- “PEPFAR doesn’t come through our funding mechanism, although we know how much they normally invest through the partnership that we have with the Ministry of Foreign Affairs, and before we sign any agreement with whoever comes to help Mozambique in fighting the AIDS pandemic, we have to first see the program, the project, how much is going to be invested.”
- **Government official, Mozambique**

# Recommendations: PEPFAR

- *Make the government a true partner in PEPFAR programs*
- *Increase flexibility of programming and funding*

# PEPFAR FY2007 Approved Funding by Program Area and Country



Source: Authors' construction from data on [www.pepfar.gov](http://www.pepfar.gov)

# Recommendations: PEPFAR

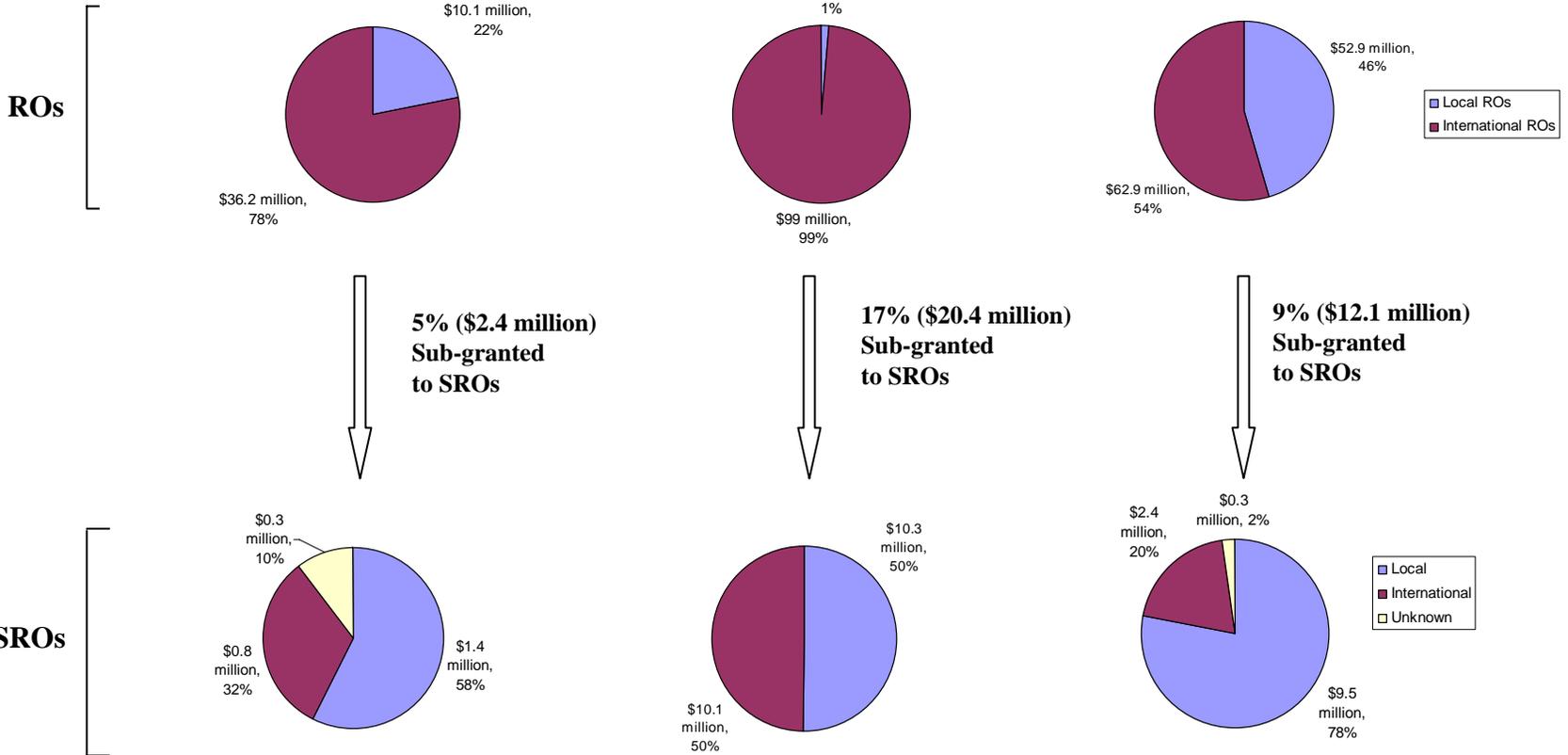
- ***Make the government a true partner in PEPFAR programs***
- ***Increase flexibility of programming and funding***
- ***Strengthen capacity-building activities in host country***

# PEPFAR Obligations to Local and Non-Local ROs in FY2005

## Mozambique

## Zambia

## Uganda



Source: Authors' calculations using OGAC data provided to CGD via the Center for Public Integrity.

# PEPFAR Relies on its ROs to build Capacity

- “If the organization has not received U.S. government funding in the past, it is difficult then to start to receive money through PEPFAR...It takes a while to create capacity to do this. That is why we still have lots of organizations that are sub-contracted from larger organizations, because it is difficult for them to receive money directly from the U.S. government. It is easier for the donors to manage a larger organization that manages a smaller organization, which guarantees that they will follow the U.S. government regulations.”

## **RO official, Mozambique**

- “Initially I would say that until the local organizations can learn how the system works, it would be best to partner with a more experienced organization that is bidding for the contract, and then be a sub-contractor. Then when you learn the routes you can become a prime contractor. It is a tough call. At one level you are looking at trying to help individual organizations, but then where do you draw the line? Because some organizations are very weak in terms of capacity and you need to spend all this time building capacity, when you also don't have the capacity to do that.”

## **PEPFAR official, Uganda**

# Recommendations: PEPFAR

- ***Make the government a true partner in PEPFAR programs***
- ***Increase flexibility of programming and funding***
- ***Strengthen capacity-building activities in host country***
- ***Adopt two-year cycles for Country Operational Plans***

# Quote

- “On one hand, the COP forces the countries to think through their projects and plans carefully for the coming year. On the other hand, the process is incredibly time-consuming and takes away time from program implementation. PEPFAR agencies [i.e., USAID, CDC, etc.] come to a complete standstill for the two or so months while COP is going on. Virtually no program implementation occurs during this period. Moreover, our partners must participate in this process, so they lose a lot of program implementation time as well. And this is only at the country level. If you include the HQ and OGAC efforts, the costs of doing the COP are unfathomably high.”
- **PEPFAR field staff**

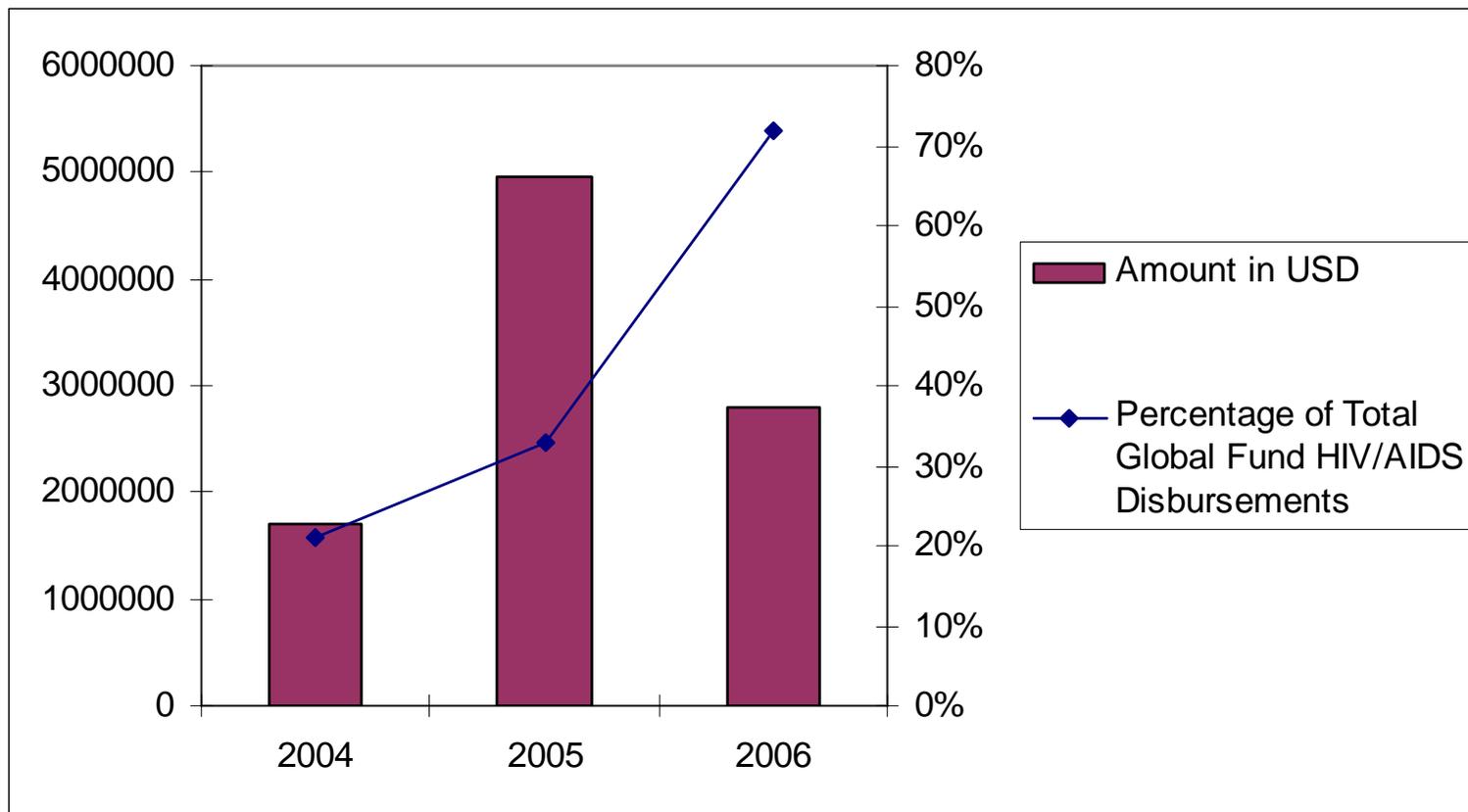
# Recommendations: PEPFAR

- ***Make the government a true partner in PEPFAR programs***
- ***Increase flexibility of programming and funding***
- ***Strengthen capacity-building activities in host country***
- ***Adopt two-year cycles for Country Operational Plans***
- ***Publicly disclose data***

# Recommendations: Global Fund

- *Keep the focus on funding gaps*

# Global Fund Disbursements to SROs for ARV Services and Treatment in Uganda



Source: Care Taker Firm for Uganda Global Fund Project.

# Recommendations: Global Fund

- *Keep the focus on funding gaps*
- *Re-examine strategies to build local capacity*

# Recommendations: Global Fund

- *Keep the focus on funding gaps*
- *Re-examine strategies to build local capacity*
- *Simplify procedures for good performers*

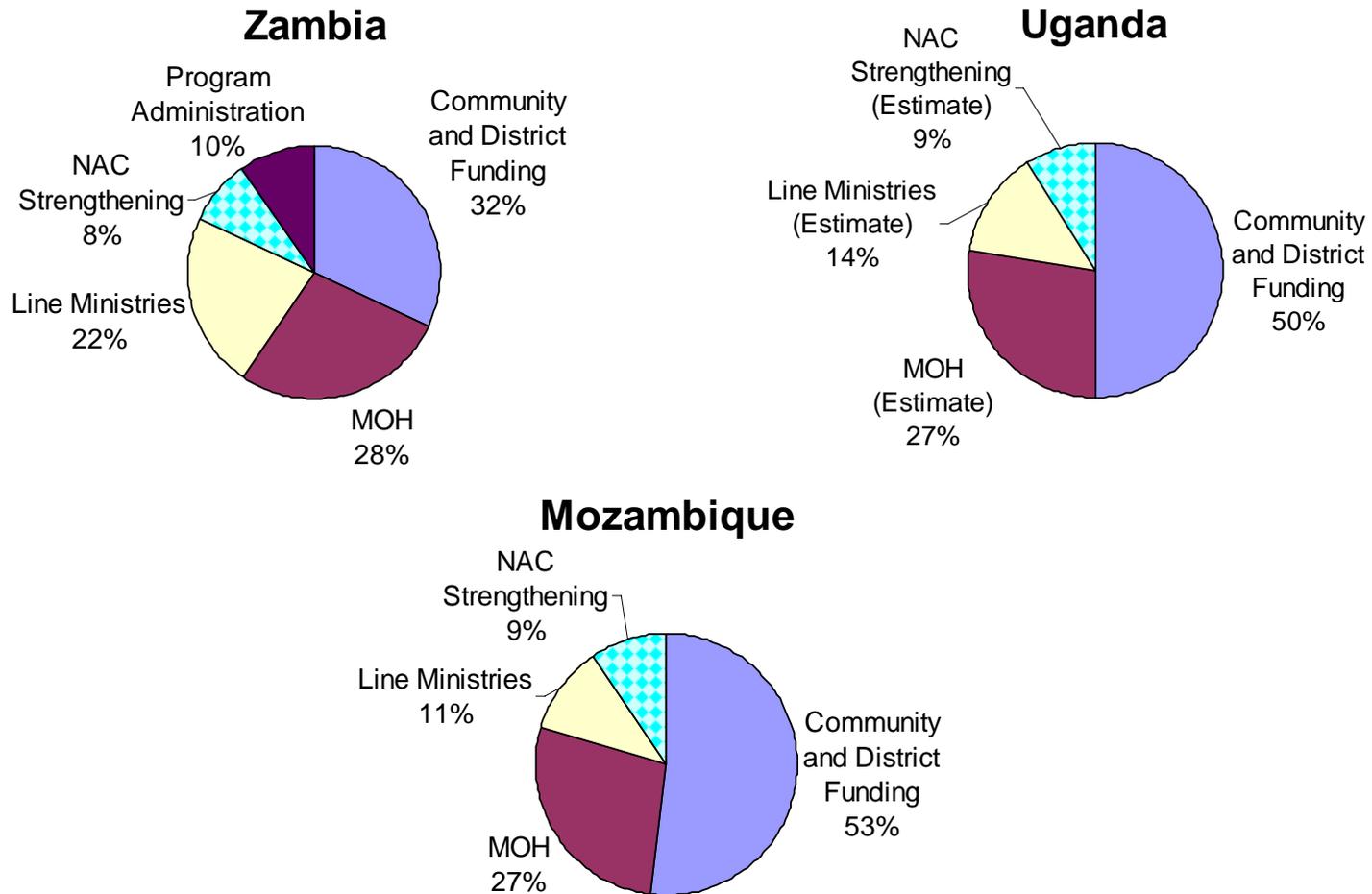
# Recommendations: Global Fund

- *Keep the focus on funding gaps*
- *Re-examine strategies to build local capacity*
- *Simplify procedures for good performers*
- *Publicly disclose data*

# Recommendations: The World Bank MAP

- ***Continue to focus resources on building government capacity***

# MAP Project by Funding Component



Source: Authors' construction using World Bank PADs.

# Recommendations: The World Bank MAP

- ***Focus resources on building government capacity***
- ***Increase focus on prevention***

# Recommendations: The World Bank MAP

- ***Focus resources on building government capacity***
- ***Increase focus on prevention***
- ***Transition to existing government systems***

# Quote

- “First of all you have to acknowledge our money was not totally in the budget, so we could track our money. We had our special accounts where you were obliged to identify special accountants to handle the account and for that reason we were able to push to some extent. In other words, ours is more of a hybrid between a situation where you would have total money within the system and money which has been more or less ring fenced.”
- **MAP staff, Government of Uganda**

# Recommendations: The World Bank MAP

- ***Focus resources on building government capacity***
- ***Increase focus on prevention***
- ***Transition to existing government systems***
- ***Increase individual disbursement amounts***

# Recommendations: The World Bank MAP

- ***Focus resources on building government capacity***
- ***Increase focus on prevention***
- ***Transition to existing government systems***
- ***Increase individual disbursement amounts***
- ***Publicly disclose data.***

# Recommendations: 3 Donors

- ***Jointly coordinate and plan activities to support the National AIDS Plan***
- ***Assist the government in tracking total national AIDS funds***
- ***Focus on building and measuring capacity***
- ***Develop strategies with host governments and other donors to ensure financial sustainability***
- ***Strengthen financial data collection and disclosure.***

# Conclusions

- ***Each donor has clear strengths and weaknesses relative to the others***
  - ❖ **PEPFAR** scores well on making its money move and on collecting data;
  - ❖ **The Global Fund** ranks high on tailoring programs and sharing data;
  - ❖ **The World Bank MAP** stands out for its long-term commitment to working with the government, strengthening systems and building local recipients' capacity.
- ***Donors can greatly increase their collective effectiveness*** by jointly planning and coordinating their efforts, and working hand-in-hand with recipient country governments & other stakeholders involved in the national response.
- ***By learning from each other to fix what is not working and by sharing what is working***, PEPFAR, the Global Fund and the World Bank MAP can individually and collectively improve their performance in the fight against AIDS in Africa.

