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Global and donor financing

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SUMMARY

The international community's commitment to global health and access to pharmaceuticals has been increasing; in addition to traditional sources of funding from bilateral and multilateral institutions, such as development banks and United Nations (UN) agencies, private foundations and public-private partnerships are playing much larger roles as resources to improve health in developing countries. The types of assistance available include—

- Financial assistance (loans or grants)
- Commodities
- Technical expertise
- Training, study tours, and fellowships
- Research funding

Some donor funding is being directed toward the entire health sector as part of a sector-wide approach (SWAp) to aid or toward the national government budget instead of to specific programs or interventions, which means that health program managers must take additional steps to get access to funding for specific health programs. Ministries of health need to collaborate with other government ministries, which are likely to carry out negotiations with donor agencies. Ministries of health must be able to justify the demand for additional funding for pharmaceutical management activities.

Challenges associated with donor assistance include a country's inability to use donor funds effectively

because of limited infrastructure, the unpredictability of donor assistance from year to year, and the complex monitoring and evaluating requirements that vary by donor. In recognition of some of these challenges, donors and recipient countries have been working together to improve collaboration and harmonize funding requirements. Performance-based funding is another trend being used to improve the effectiveness of development aid.

With heavy demand for assistance funds, proposals must satisfy donors' concerns about consistency with government policies, government commitment, health care reform, project impact, and sustainability. Many donors follow a two-stage proposal process, requiring the submission and approval of a project profile or letter of intent, followed by a more detailed project proposal. Project documents often include—

- Project goals (development objectives)
- Project purpose (immediate objectives)
- Outputs
- Activities
- Inputs and resources

Private foundations tend to follow more flexible procedures for reviewing grant proposals and overseeing grant-funded projects, but most donors require periodic progress reports and evaluation.

14.1 The role of donors in development

The resource requirements for meeting the health needs of populations in developing countries are increasing significantly because of the introduction of new technologies, the dual burden of addressing communicable and chronic disease patterns, and the growth and aging of populations; as populations age, demand for higher-cost medical treatment increases. As a result, the need for additional resources in the health sector is growing faster than government health expenditures. In addition, the health spending patterns and health needs of rich and poor countries vary greatly: developing countries account for 84 percent of the world's population and 90 percent of the global disease burden, but they represent only 12 percent of global health spending. High-income countries spend 100 times more than low-income countries spend on health (Gottret and Schieber 2006).

As a result of globalization, the international community's commitment to the Millennium Development Goals

(MDGs), and emerging health threats such as severe acute respiratory syndrome and avian influenza, global health is becoming a more important part of the international policy arena. Along with this increased focus on global health, new foundations and public-private partnerships have emerged that are committed to contributing to solutions to the world's health problems. These partnerships are funded by donor governments and private foundations such as the Bill & Melinda Gates Foundation and the United Nations Foundation.

Governments have a few options for expanding available resources for health. One option is to reprioritize health care activities toward lower-cost and more cost-effective programs and services within the ministry of health budget. A second option is to increase the allocation of total government expenditures to the health sector. A third option is for countries to identify new and innovative sources of financing, such as taxes earmarked for health. A final approach is to expand the number of resources through additional external funding. For low-income countries,

external sources of financing account for almost one-fifth of total health expenditures (WHO 2010, Table 7: Health expenditure). Expanding resources for the health sector is sometimes referred to as expanding the resource envelope, or expanding fiscal space.

International development assistance, also called external cooperation, can provide the necessary funds and technical expertise to complement national efforts. Development assistance can serve as a catalyst for major health system reforms that would otherwise be difficult to accomplish. Policy makers and managers can strengthen their health initiatives and programs by understanding where to obtain such assistance, the criteria that must be met, and the ongoing commitments that must be fulfilled to establish and maintain fruitful relationships with donor and funding agencies.

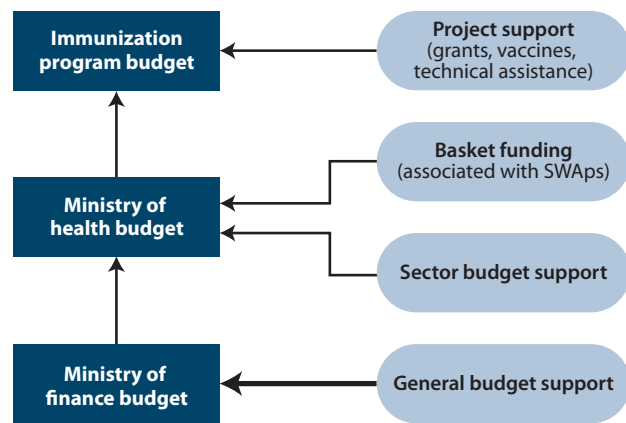
Traditionally, donor funding has come directly to specific programs or interventions in the form of grants, commodities, or technical assistance. Although global funding initiatives that focus on a specific disease, such as HIV/AIDS, have changed the landscape of health-related development funding, the trend is for external funding to be directed more toward the entire health sector or toward the national government budget. This trend results in additional steps that policy makers and program managers must take to access funding and technical assistance for specific health programs and interventions. The process is illustrated in Figure 14-1. The ministry of health needs to work in cooperation with ministries of planning, external relations, and finance, which are likely to carry out negotiations with donor agencies. Ministries of health must be able to justify the need for additional funding and for expanding their resource envelope.

Health programs and projects supported by external assistance will continue to include activities related to pharmaceuticals that range from the straightforward (procurement of medicines for a specific program, such as malaria control) to the complex (reorganization of the public-sector supply system). The funding for these activities is expected to grow in parallel with the growth in overall funding for health projects.

14.2 Development assistance challenges

Development assistance comes with challenges. Project support is typically outside the regular health budget, making it difficult for the government and its partners to monitor and evaluate. As a result, ministries of health often do not know the extent and intended priorities of donor funding. In addition, ministries of finance strive to roll development assistance into national budgets, to improve transparency and accountability and to strengthen national planning efforts. In countries where the health budget is constrained,

Figure 14-1 Modalities of donor financing



SWAs = sector-wide approaches.

the addition of donor funding forces ministries of health to make better decisions about funding priorities, because usually some donor assistance replaces rather than adds to budget resources.

In addition, countries may have limited absorptive capacity. In other words, they cannot use donor funding effectively because of a lack of human resources or infrastructure, or the level of donor funding may be too high relative to how quickly a country can spend it, either because of bureaucratic procedures in procurement or disbursement, or because of *fungibility*, which refers to the country's limited capacity to use the funds for their intended purposes.

Countries also face multiple reporting, procurement, and monitoring requirements for each donor. The High Level Forum on Aid Effectiveness was created to improve government and donor coordination, alignment, and harmonization for scaling up the MDGs. In a series of three meetings, senior government policy makers in developing countries and donor agencies developed a set of principles to improve harmonization of requirements that donors and global partnerships are committed to implementing (see Box 14-1). The "Three Ones" principles aim to build a coordination framework for HIV/AIDS funding among governments, donors, international organizations, and civil society (UNAIDS 2005). In addition, the International Health Partnership Plus (IHP+) was established to improve coordination of development assistance in health in 2007. IHP+ seeks to strengthen national health systems and to achieve better health results by mobilizing donor countries and other development partners around a single-country-led national health strategy. Eight of the largest institutions in health—including the World Health Organization (WHO); the Global Alliance for Vaccines and Immunization (GAVI); the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund); and the Gates Foundation—agreed to collaborate within the context of the IHP+ processes.

Box 14-1**Best practice principles for engagement of global health partnerships at the country level****Ownership**

1. To respect partner country leadership and help strengthen their capacity to exercise it.

Alignment

2. To base their support on partner countries' national development and health-sector strategies and plans, institutions, and procedures. Where these strategies do not adequately reflect pressing health priorities, to work with all partners to ensure their inclusion.
3. To progressively shift from project to program financing.
4. To use country systems to the maximum extent possible. Where use of country systems is not feasible, to establish safeguards and measures in ways that strengthen rather than undermine country systems and procedures.
5. To avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of global health partnership (GHP) projects and programs.
6. To align analytic, technical, and financial support with partners' capacity development objectives and strategies; make effective use of existing capacities; and harmonize support for capacity development accordingly.
7. To provide reliable indicative commitments of funding support over a multiyear framework and disburse funding in a timely and predictable fashion according to agreed schedules.
8. To rely, to the maximum extent possible, on transparent partner government budget and accounting mechanisms.
9. To progressively rely on country systems for procurement when the country has implemented mutually agreed standards and processes; to adopt harmonized approaches when national systems do not meet agreed levels of performance; to ensure that donations of pharmaceutical products are fully in line with *WHO Guidelines for Drug Donations*.

Harmonization

10. To implement, where feasible, simplified and common arrangements at the country level for planning, funding, disbursement, monitoring, evaluating, and reporting to government on GHP activities and resource flows.
11. To work together with other GHPs and donor agencies in the health sector to reduce the number of separate, duplicative missions to the field and diagnostic reviews assessing country systems and procedures. To encourage shared analytical work, technical support, and lessons learned and to promote joint training.
12. To adopt harmonized performance assessment frameworks for country systems.
13. To collaborate at the global level with other GHPs, donors, and country representatives to develop and implement collective approaches to cross-cutting challenges, particularly in relation to strengthening health systems, including human resource management.

Managing for results

14. To link country programming and resources to results and align them with effective country performance-assessment frameworks, refraining from requesting the introduction of performance indicators that are not consistent with partners' national development strategies.
15. To work with countries to rely, as far as possible, on countries' results-oriented reporting and monitoring frameworks.
16. To work with countries in a participatory way to strengthen country capacities and demand for results-based management, including joint problem solving and innovation, based on monitoring and evaluation.

Accountability

17. To ensure timely, clear, and comprehensive information on GHP assistance, processes, and decisions (especially decisions on unsuccessful applications) to partner countries requiring GHP support.

Source: Adapted from High Level Forum on the Health MDGs 2005.

A final challenge related to donor assistance for health is the predictability, volatility, and fragmentation of the funding, because donor funding for the health sector fluctuates widely from year to year. In 2006–07, more than two-thirds of health aid commitments were for less than 500,000 U.S. dollars (USD), and significant portions were earmarked (Norad-AHHA 2009). Under these conditions, governments find both planning their own funding for the sector and influencing how donor funds are spent difficult.

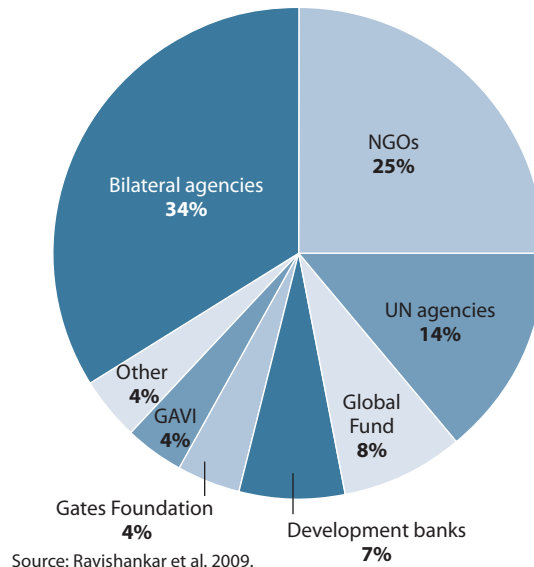
14.3 Sources of international assistance for health

Government donations and concession loans that include at least a 25 percent nonreimbursable component (in effect, a 25 percent donation) are referred to as *official development assistance*, and they are the major source of external funding for the health sector in the developing world. Total development assistance for health increased from USD 5.6 billion in 1990 to USD 21.8 billion in 2007 (Ravishankar et al. 2009). About 40 percent of assistance was allocated to Africa and almost 30 percent to Asia in 2006–07 (OECD DAC 2009). Much of this increase came from new global partnerships and foundations, and the funds targeted specific diseases, such as AIDS, tuberculosis, malaria, and vaccine-preventable diseases; for example, funds mobilized by UN agencies and development banks decreased, whereas funds provided by the Global Fund, the GAVI Alliance, and the Gates Foundation all increased substantially (Ravishankar et al. 2009). The fastest-growing segment of health assistance has benefited HIV/AIDS programs, which grew from 25 percent to 39 percent of global development assistance between 2000 and 2006 (OECD DAC 2009). HIV prevalence is the biggest predictor of health aid to low-income countries, and countries with low HIV prevalence but high mortality are disadvantaged by the inequity; for example, Zambia receives USD 20 per person for health, whereas Chad receives USD 1.59 (Norad-AHHA 2009).

The Gates Foundation is the largest single source of private health funding, but much of its funding is disbursed to other channels, including the GAVI Alliance, the Global Fund, and UN agencies. In addition, government donations to health increased from 2002 to 2007, with the United States representing the biggest share. Governments use different mechanisms to channel their funds; some use multilaterals (for example, Finland, France, and the Netherlands), while others such as the United Kingdom and the United States use bilaterals or nongovernmental organizations (NGOs) (Ravishankar et al. 2009).

The major sources of international assistance to support health and pharmaceutical activities and projects include multilateral institutions, bilateral agencies, NGOs, foundations, and public-private partnerships (see Figure 14-2).

Figure 14-2 Major channels for funding development assistance for health, 2007



Multilateral institutions

Multilateral institutions pool resources from many donors and provide technical and commodity assistance globally or regionally through cash grants, commodity transfers, technical assistance, or loans. They are focused around sector areas of work, such as health or economic development. Multilateral institutions include the World Bank, the regional development banks, and the UN agencies, including the United Nations Children's Fund (UNICEF), the United Nations Development Programme (UNDP), the United Nations Population Fund, and WHO.

Bilateral agencies

Bilateral agencies are linked to national governments and involve government-to-government exchanges of goods and funding on a grant basis. Examples of bilateral agencies include the Norwegian Agency for Development Cooperation, the Swedish International Development Cooperation Agency, the U.K. Department for International Development, and the U.S. Agency for International Development (USAID). Bilateral agencies may work in countries through contracted organizations to provide technical assistance to projects.

Nongovernmental organizations

NGOs can operate not for profit or for profit and may be affiliated with religious institutions or other groups or agencies. Although development funds have traditionally been provided to recipient governments, an alternative

mechanism is to target funds directly to NGOs, particularly those based in the community. The role of NGOs as conduits for health aid has increased substantially—increasing from 13 percent in 1990 to 25 percent in 2006 (Ravishankar et al. 2009).

The objectives of NGOs tend to be targeted to specific diseases and population groups. The procedures these organizations follow tend to be less stringent than those of bilateral and multilateral agencies; in addition, in the approval process, NGOs favor an affinity of mission or ideology between donor and recipient organizations and the existence of a positive, ongoing relationship. This funding mechanism, which has gained acceptance as a way to ensure that resources reach target populations at the local level, tends to be favored by NGOs and foundations in developed countries. Bilateral and multilateral agencies are generally more reluctant to become directly involved in small projects because of the high costs of reviewing, supervising, and evaluating such initiatives.

Private foundations

Foundations now account for a significant share of total health assistance to developing countries, usually through

cash grants. For instance, in 2004, total health assistance from the Bill & Melinda Gates Foundation was nearly equal to total health lending by the World Bank, and the Gates Foundation's endowment is expected to increase from USD 29 billion to USD 60 billion, making it the world's largest charitable organization. Private foundations sometimes follow more flexible procedures for reviewing grant proposals and overseeing grant-funded projects.

Public-private partnerships

In addition to these major sources of donor assistance, global public-private partnerships that tend to focus on specific diseases or health conditions have proliferated. Examples include the GAVI Alliance; the Global Fund; the Medicines for Malaria Venture; the Partnership for Maternal, Newborn & Child Health; Roll Back Malaria (RBM); Stop TB Partnership; and the Millennium Challenge Corporation. Box 14-2 describes some of the major health alliances.

Despite rapid increases in development assistance for health, the resources available are still short of the funding needed to achieve the health MDGs, which is estimated to range from an additional USD 25 billion to 70 billion per year (World Bank 2006b) up to USD 135 billion by 2015

Box 14-2

Selected global public-private partnerships in health

GAVI Alliance

<http://www.gavialliance.org>

The GAVI Alliance is a public-private partnership focused on increasing children's access to vaccines in poor countries. Partners include the GAVI Fund, governments, UNICEF, WHO, the World Bank, the Bill & Melinda Gates Foundation, the vaccine industry, public health institutions, and NGOs. GAVI provides countries with resources to strengthen routine immunization and health systems services; finances the introduction of new and underused vaccines, such as those for hepatitis B, Hib disease, and yellow fever; and supports safe injection practices through safe injection commodity assistance. Although the GAVI Alliance procures only selected vaccines for countries, its funding helps strengthen immunization systems overall, which increases a country's capacity to deliver all necessary vaccines to children.

Seventy-two of the poorest countries, containing half the world's population, are eligible to apply for support from the GAVI Alliance, and as of 2008, seventy-one had received GAVI support. The GAVI Alliance has made commitments of USD 4 billion to seventy-five countries between 2000 and 2015.

Global Fund to Fight AIDS, Tuberculosis and Malaria

<http://www.theglobalfund.org>

The Global Fund is a partnership among governments, civil society, the private sector, and affected communities. Its purpose is to attract, manage, and disburse resources to fight AIDS, tuberculosis, and malaria, including the procurement of pharmaceuticals and commodities. The Global Fund does not implement programs directly but rather relies on the knowledge of local experts. As a financing mechanism, the Global Fund works closely with other multilateral and bilateral organizations involved in health and development issues to ensure that newly funded programs are coordinated with existing programs. The Global Fund finances programs only when it is assured that its assistance does not replace or reduce other sources of health funding; it actively seeks to complement other donor funds and to use its own grants to catalyze additional investments by donors and by recipients themselves.

Since 2002, the Global Fund has approved USD 19.3 billion in funding to support more than 572 programs in 144 countries.

The Partnership for Maternal, Newborn & Child Health

<http://www.who.int/pmnch>

The Partnership for Maternal, Newborn & Child Health was created to support sixty countries' efforts to achieve MDGs related to maternal and child health. The partnership works to promote and harmonize national, regional, and global action to improve maternal, newborn, and child health. The partnership is made up of a broad constituency of more than 300 members representing partner countries, UN and multilateral agencies, NGOs, health professional associations, bilateral donors and foundations, and academic and research institutions. The partnership supports country-led efforts to provide complete coverage of essential interventions for maternal, newborn, and child health by focusing on country support; advocacy; promoting the assessment, scaling up, and implementation of cost-effective interventions; and monitoring and evaluating stakeholders to ensure they meet their financial and policy commitments.

Roll Back Malaria

<http://rbm.who.int>

The global RBM effort was announced by the heads of WHO, UNICEF, UNDP, and the World Bank in November 1998. The RBM partnership consists of malaria-affected countries, UN agencies, the private sector, industry, countries of the Organisation for Economic Co-operation and Development, development banks, community-based organizations, research entities, and the media. The initiative aims to reduce global malaria mortality by 50 percent by the year 2010. Partners are working together to scale up malaria-control efforts at the country level, coordinating their activities to avoid duplication and fragmentation and to ensure optimal use of resources. The strategy to achieve this goal relies on six core elements: (1) early detection, (2) rapid treatment, (3) multiple means for prevention, (4) well-coordinated action, (5) a dynamic global movement, and (6) focused research.

One initiative of RBM is the Malaria Medicines and Supplies Services (MMSS), which works to support procurement and supply management efforts for nets, insecticides, medicines, and diagnostics that are needed to achieve malaria-related health goals. MMSS collects, consolidates, and disseminates information on the demand and supply of medicines and other commodities and helps advise countries on how to procure medicines efficiently. MMSS does not procure itself, but it establishes links with procurement agencies.

Stop TB Partnership

<http://www.stoptb.org>

The Stop TB Partnership, established in 2000, involves a coalition of 517 governments, national and international NGOs, and public and private donors committed to controlling and eventually eliminating tuberculosis (TB) as a global public health problem. Partners work in seven specific areas: DOTS expansion; TB/HIV; multi-drug-resistant TB; new TB medicines; new TB vaccines; new TB diagnostics; and advocacy, communications, and social mobilization.

Stop TB Partnership's Global Drug Facility

<http://www.stoptb.org/gdf>

The Global Drug Facility (GDF) was established in response to difficulties that countries had in finding and funding stable TB medicine supplies to support DOTS expansion. The GDF uses a combination of grants and direct pharmaceutical procurement to eligible countries. The mechanism links demand for medicines to supply, competitively outsources all services to partners, uses product packaging to simplify pharmaceutical management, and links grants to TB program performance. Besides procuring quality TB medicines, the GDF provides technical assistance in TB pharmaceutical management and monitoring of TB medicine use.

UNITAID

<http://www.unitaid.eu>

The founding countries of Brazil, Chile, France, Norway, and the United Kingdom, with the backing of international organizations such as WHO, UNAIDS, UNICEF, the Global Fund, and NGOs and private foundations, such as the Clinton Foundation, have launched an international drug purchase facility called UNITAID. The facility is funded by an innovative financing mechanism—a levy on airline tickets—to help scale up access to treatment for HIV/AIDS, malaria, and tuberculosis in developing countries. By 2010, UNITAID had twenty-eight supporting countries plus the Gates Foundation. In three years, the levy had contributed USD 1.3 billion to UNITAID's assistance fund.

The goal of UNITAID is to provide multiyear contributions for a long-term and predictable supply of medicines and diagnostics by leveraging price reductions and increasing the availability and supply of medicines. The program initially focused on funding pediatric formulations for TB and HIV/AIDS, scaling up second-line anti-retroviral medicines and artemisinin-based combination therapies, and supporting the WHO prequalification program to ensure quality pharmaceuticals.

(UN Millennium Project 2005). Governments have committed to increasing official development assistance to up to 0.7 percent of their respective gross domestic products by 2015 to support scaling up to achieve the MDGs (UN General Assembly 2002). New and innovative financing mechanisms, such as the airline ticket levies used by UNITAID, are being developed to raise the necessary additional resources.

14.4 Types of assistance

The types of assistance offered (and the conditions attached) can vary widely—

- Financial assistance (loans or grants)
- Commodities
- Technical expertise
- Study tours and fellowships
- Research funding

In negotiating development assistance of any type, governments are advised to ensure that the assistance supports their national health priorities rather than diverts attention

from them. Information describing the level, duration, and type of assistance available, as well as the timing for presentation of proposals, is generally available at the country level through development banks, embassies, and offices of UN agencies. Table 14-1 lists major donors to international health and their websites.

Financial assistance

Loans issued by the World Bank are one of the largest sources of financial assistance in the health sector. Lending for health and nutrition averaged USD 825 million a year over the first decade of the 2000s (World Bank 2010b). In fiscal year 2010, lending to developing countries totaled over USD 72 billion. The bank itself comprises two development institutions that are owned by 187 member countries—the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). The IDA and IBRD, as well as their regional counterparts, such as the Asian, African, or Inter-American Development Banks, provide low-interest loans, interest-free credit, and grants to developing countries for education, health, infrastructure, and communications. The IBRD

Table 14-1 Major international donors involved in health

Bilateral donors	
Country, acronym or abbreviation	Agency name, website
Australia, AusAID	Australian Agency for International Development, http://www.ausaid.gov.au
Austria, ADA	Austrian Development Agency, http://www.ada.gv.at
Belgium, DGD	Belgian Development Cooperation, http://diplomatie.belgium.be/en/policy/development_cooperation/index.jsp
Canada, CIDA	Canadian International Development Agency, http://www.acdi-cida.gc.ca
Denmark, Danida	Danish International Development Agency, http://www.um.dk
European Commission	European Commission, http://ec.europa.eu
France, AFD	Agence Française de Développement (French Development Agency), http://www.afd.fr
Germany, GIZ	German Agency for International Cooperation, http://www.giz.de/en
Ireland	Irish Aid, http://www.irishaid.gov.ie
Italy, DGCS	Italian Development Cooperation, http://www.cooperazioneallosviluppo.esteri.it/pdgcs
Japan, JICA	Japan International Cooperation Agency, http://www.jica.go.jp/english/index.html
Netherlands, DGIS	Dutch Development Cooperation Program, http://www.minbuza.nl/en/key-topics/development-cooperation/development-cooperation.html
New Zealand, NZAid	New Zealand's International Aid and Development Agency, http://www.nzaid.govt.nz/
Norway, Norad	Norwegian Agency for Development Cooperation, http://www.norad.no
Spain, AECID	Spanish Agency for International Development Cooperation, http://www.aecid.es
Sweden, Sida	Swedish International Development Cooperation Agency, http://www.sida.se
Switzerland, SDC	Swiss Agency for Development and Cooperation, http://www.deza.ch
United Kingdom, DfID	Department for International Development, http://www.dfid.gov.uk
United States, USAID	U.S. Agency for International Development, http://www.usaid.gov

Key UN agencies and multilateral donors	
Acronym or name	Organization and website
ADB	Asian Development Bank, http://www.adb.org
AfDB	African Development Bank, http://www.afdb.org
—	Clinton Foundation, http://www.clintonfoundation.org
EuropeAid	EuropeAid Co-operation Office, http://ec.europa.eu/comm/europeaid
GAVI	Global Alliance for Vaccines and Immunizations, http://www.gavialliance.org
—	Global Fund to Fight AIDS, Tuberculosis and Malaria, http://www.theglobalfund.org
IADB	Inter-American Development Bank, http://www.iadb.org
MMV	Medicines for Malaria Venture, http://www.mmv.org
PMI	President's Malaria Initiative, http://www.fightingmalaria.gov
UNAIDS	Joint United Nations Programme on HIV/AIDS, http://www.unaids.org
UNDP	United Nations Development Programme, http://www.undp.org
UNFPA	United Nations Population Fund, http://www.unfpa.org
UNICEF	United Nations Children's Fund, http://www.unicef.org
UNIDO	United Nations Industrial Development Organization, http://www.unido.org
UNITAID	http://www.unitaid.eu
WHO	World Health Organization, http://www.who.int
World Bank	http://worldbank.org
Selected foundations that support international health	
Foundation	Website
African Development Foundation	http://www.adf.gov
Aga Khan Foundation	http://www.akdn.org/akf
Bill & Melinda Gates Foundation	http://www.gatesfoundation.org
Henry J. Kaiser Foundation	http://www.kff.org
Izumi Foundation	http://www.izumi.org
John D. and Catherine T. MacArthur Foundation	http://www.macfound.org
The Nippon Foundation	http://www.nippon-foundation.or.jp
Open Society Institute (OSI) and the Soros Foundations Network	http://www.soros.org
The Rockefeller Foundation	http://www.rockfound.org
Wellcome Trust	http://www.wellcome.ac.uk
W. K. Kellogg Foundation	http://www.wkcf.org
Resources for international grant seekers	
Institution	Website
European Foundation Centre	http://www.efc.be
Foundation Center	http://foundationcenter.org
Grantmakers Without Borders	http://www.internationaldonors.org
The Grantsmanship Center	http://www.tgci.com
World Initiatives for Grantmaker Support	http://www.wingsweb.org

focuses on middle-income countries needing capital investment and advisory services, while the IDA helps the poorest countries of the world increase economic growth. The IDA is mostly funded through contributions from the governments of richer member countries. Box 14-3 describes the initiative that the World Bank has put in place to help relieve the debt of the poorest countries.

World Bank assistance has focused on strengthening health systems, with some targeted programs aiming at population, nutrition, and other priority public health areas. Approximately 200 World Bank projects between 1991 and 2002 have had some type of pharmaceutical component—funding for procurement of pharmaceuticals and vaccines, strengthening of the pharmaceutical sector, or improving regulatory frameworks and institutional capacity. Total lending over this period amounted to nearly USD 3 billion, which represents about USD 250 million per year over the twelve-year period.

Loans are also provided on a government-to-government basis as part of bilateral agreements that, in turn, reflect political commitments. Such loans are much more favorable than those from commercial banks: interest rates are lower, repayment schedules are adjusted to a country's financial capabilities, and loans frequently have a nonreimbursable grant component.

Because these loans become part of the national debt and must be repaid by future government administrations, they should be accepted only after thorough study of the costs and benefits. In general, loans should be used for investment—for the development of infrastructure and national capability—and not to cover recurrent health expenditures or to pay for consumables, such as pharmaceuticals. In addition, a bank's internal procedures may raise the real cost of the loan (for example, by including the total cost of preproject planning expenses, as well as the time and travel of bank representatives and consultants, which can be substantial). Concessionary loans with low interest rates and lengthy repayment periods, however, often end up being the equivalent to a grant when inflation outstrips the interest rate.

Grants, which do not require repayment, are a much sought after source of assistance. However, the Global Fund, for example, requires recipients to reach specific targets throughout the life of the grant. Many countries that have not been able to meet their performance goals have had funding cut off, which can cause programmatic challenges. Other costs are not always obvious. For example, a grant can include a requirement that the recipient demonstrate commitment to the work by the assignment of counterpart resources (staff and infrastructure) to complement those of the grant. Such commitments can siphon scarce resources from other, more important health programs. National priorities can become distorted if disproportionate attention is given to an issue simply because it is the

fashionable “cause of the year” and can attract grant money or loans.

Commodities

Funds are often made available for the purchase of commodities such as pharmaceuticals, medical supplies, laboratory reagents, equipment, or computers. The conditions for commodity purchase should be subject to negotiation to ensure not only that price and quality are acceptable but also that the commodities meet country needs and do not lead to an unacceptable level of dependence on a foreign source. Pharmaceutical products should correspond to those on the national list of essential medicines and should be labeled in a language understood in the country.

Only as a last resort should loans be used to buy pharmaceuticals. This essential, recurring expenditure should be within the national financial capacity.

Some assistance agreements limit the provision of critical supplies to periods of economic crisis or emergencies caused by natural disasters. The guidelines for donations included in Chapter 15 are relevant not only for donated commodities but also for those purchased through grants or loans.

Technical expertise

Donors can provide funds to obtain the managerial or technical expertise required for project execution, both short term (for example, two weeks to set up a laboratory instrument and to train staff in its use) or long term (for example, management of a four-year project). The work must be carried out with in-country counterparts to transfer technical competence to the recipient country and not perpetuate a relationship of dependence.

Training, study tours, and fellowships

Study tours, fellowships, and other forms of training are important investments in a country's professional capacity and are attractive to the individuals who benefit directly. Such opportunities can provide a powerful incentive to improve job performance, particularly for officials and employees receiving low government salaries. Arrangements should be in place, however, to ensure that individuals who have benefited from this assistance return to share their knowledge and skills with fellow workers and that they remain in their jobs for a sufficient length of time to justify the investment.

Research funds

Funds are increasingly available for operational research and evaluation. This is in recognition of the fact that a project's chances of success are enhanced by a clear under-

Box 14-3 The Debt Relief Initiative for Heavily Indebted Poor Countries

Economic crises in the 1980s resulted in many low-income countries becoming overwhelmed with huge debts that they were unlikely to ever be able to pay back. In 1996, the International Development Association and the International Monetary Fund launched the Debt Relief Initiative for Heavily Indebted Poor Countries (HIPC) as a way to help the poorest countries get out from under the debt burden that was stifling poverty-reduction efforts. The HIPC Initiative calls for all creditors—multilateral, bilateral, and commercial—to voluntarily forgive a specified percentage of debt to countries that meet certain qualifications. A country is potentially eligible for HIPC status if it meets criteria related to per capita income and level of indebtedness. In 2006, 40 countries were potentially eligible (World Bank 2006b). A series of steps begins the process whereby countries put policies in place to reduce poverty and create a plan to clear any arrears from foreign creditors. The last step leads to the *completion point*, where the country has shown satisfactory performance in its strategies and in other indicators such as improvements in health, education, and governance. At the completion point, the debt relief from participating creditors becomes irrevocable. As of 2010, 30 of 40 countries had reached the completion point (IMF 2010).

To supplement the HIPC Initiative, additional relief is available in the form of the Multilateral Debt Relief Initiative (MDRI), which was implemented in 2006. Under the MDRI, countries that have successfully reached the completion point of the HIPC Initiative are then eligible to have forgiven 100 percent of their debt owed to the IDA, the African Development Fund, and the International Monetary Fund. Although eligible countries do not have to meet any new conditions to benefit from the MDRI, they may have to show that their performance has not deteriorated since they reached the completion point of the HIPC Initiative. The three institutions together will forgive more than USD 50 billion over 40 years. To compensate for the resources lost through the debt forgiveness program, donors have agreed to contribute additional funds to ensure IDA's financial capacity.

To avoid the need for future debt relief initiatives, the World Bank has instituted a debt sustainability framework for low-income countries that puts loan responsibilities on both the borrowers and the lenders. Countries seeking loans must take measures to strengthen their ability to manage debt, and lenders must consider long-term debt projections and economic analyses as part of the loan process.

Sources: World Bank 2006a, 2006b; IMF 2010.

standing of the environment in which the project is to take place, by ongoing monitoring during project implementation, and by an impact evaluation after completion. Well-designed research proposals may be a prerequisite for funding approval.

14.5 Improving aid effectiveness by working with the donor community

Since the 1990s, health projects and vertical health programs funded by donors at the country level have proliferated. Donor assistance can be critical to a country's ability to deliver high-priority health services. Therefore, the efficient use of this assistance is vital. Too often, donor-supported projects are developed and negotiated independently, and their funding remains largely outside the official government budget. Donors often work in selected areas within countries, resulting in overlap in some program areas and expanding gaps in others. These factors have led to an increasing lack of accountability of governments to their

constituencies and reduced managerial control over support to the health sector by countries. In addition, the lack of fiduciary management has resulted in a misallocation of scarce government resources.

Sector-wide approaches to aid

One important advance has been the creation of sector-wide approaches for the health sector. Although no standard definition of a SWAp exists, it is generally characterized by a strong and well-articulated health-sector plan that is then supported financially and technically by the government and its development partners through one "market basket." External aid is moved on budget and roles and responsibilities are clearer, allowing the ministry of health to direct and manage the health sector as a whole.

Ministries of health are in a powerful position to influence donor cooperation. Although they may be motivated by a desire to reduce duplication of effort, they may also find an important opportunity to build support and momentum for health program priorities such as essential medicines

Country Study 14-1**Attempting to meet financial goals through a health-sector SWAp in Mozambique**

The government of Mozambique, in consultation with its donor partners, established a SWAp for health programming in 2000. Following a lengthy civil war, what was left of the health system was highly fragmented and oriented toward urban areas. As the country began to rebuild, development partners often took responsibility for providing health services in some areas, which exacerbated the fragmentation. When the SWAp was established, the goal was to coordinate external assistance and develop a transparent and collaborative relationship between the Ministry of Health and donor partners to share a set of common principles, objectives, and working arrangements that included the following—

- Health-sector strategic plan endorsed by partners, which prioritizes funding and interventions
- Code of conduct describing the basic arrangement with partners
- Set of working arrangements for communication and consensus building
- Sector financing framework
- Mechanisms to evaluate health-sector progress

The SWAp's financial goals were to increase government health expenditure and to raise the proportion of external funding going to common funding and budget support rather than through vertical programs. Mozambique achieved those goals. Between 2001 and 2005, the government more than doubled its total health expenditures; however, funds to vertical programs also increased (primarily because of global HIV/AIDS programs).

The gains in common funding enabled the Ministry of Health to fund government priorities that were described in operational plans and budgets. Progress in the areas of financial management and planning resulted in Mozambique being the first country to integrate resources from the Global Fund to Fight AIDS, Tuberculosis and Malaria into the SWAp's common fund. In addition, better financial harmonization has allowed the SWAp to become more efficient in its health procurement. The Ministry of Health was also given the full responsibility to manage the funds for procuring medicines.

By 2009, Mozambique had twenty-eight development partners supporting the health sector, and fifteen partners had signed a memorandum of understanding to support the sector through pooled funding (the fund is called Prosaude). Although the government's financial contributions to the health sector had been increasing under the SWAp, the trend leveled off. Donor fragmentation was still a problem, and donors were still channeling vertical funds according to their defined priorities through a network of implementing NGOs—even those who had signed the memorandum of understanding. This arrangement undermined Ministry of Health ownership by creating a parallel network through NGOs instead of strengthening the Ministry of Health. In addition, assessing the effectiveness of these contributions was difficult, and the predictability and disbursement of the funds did not always follow the government budget cycle.

Sources: Martinez 2006; WHO/AFRO 2009.

programs. Donors such as USAID, however, do not contribute to a SWAp market basket because of the perceived loss of control over how governments use the funds. Country Study 14-1 describes Mozambique's experiences with establishing a SWAp.

Concomitant to development of a SWAp for the health sector, many countries have moved toward improving public expenditure management through the development of a medium-term expenditure framework (MTEF). An MTEF is usually a three-year rolling budget that is built on individual sector budget proposals, such as health, relative to an overall budget ceiling. The MTEF seeks to harmonize the recurrent and development aspects of the budget, as well as to generate greater transparency by rolling development assistance on budget. Countries with an MTEF face an added challenge in accepting additional donor funding when the value may replace rather than add to the government budget.

Poverty reduction strategy papers

Poverty reduction strategy papers (PRSPs), which were initiated by the International Monetary Fund and the World Bank in 1999, describe a country's macroeconomic, structural, and social strategies to promote growth and reduce poverty, as well as the country's external financing needs. Governments prepare PRSPs in collaboration with civil society and development partners—striving to promote national ownership of the strategy through broad-based participation. The goal of the PRSP approach is to link national policies and programs, donor support, and the development outcomes needed to meet the MDGs. PRSPs also serve as the guide for International Monetary Fund and World Bank lending and for debt-relief initiatives mentioned in Box 14-3 (IMF 2010).

Health authorities may find finance and planning agents difficult to convince that financing the health sector is an

investment in the economy rather than a consumption good. Including health-sector priorities in the PRSP provides the basis for resource-allocation judgments at the national level, thus making the PRSP the national planning and resource-allocation document and the lens through which development assistance is viewed and evaluated.

Performance-based funding

One of the trends in improving donor aid effectiveness is the notion of performance-based funding, or results-based management. Donors are increasingly requiring that programs achieve quantitative targets before renewing aid to them. The popularity of this approach comes from its objectives of helping donors focus resources on programs that are effective, identifying problems early in the program implementation and making modifications, and improving future programs (Radelet 2006). Box 14-4 describes an innovative mechanism to forgive loans using performance-based objectives.

As mentioned previously, the Global Fund approves initial grants for two years, then uses performance-based guidelines to make decisions regarding continued funding (Global Fund 2003). The indicators that the Global Fund uses to measure performance are categorized along a continuum of (1) short-term, (2) medium-term, and (3) long-term expectations—

1. *Process indicators:* These are what need to be completed to achieve improvements; for example, “training program for antiretroviral treatment (ART) adherence established.”
2. *Coverage indicators:* These track changes in key variables that demonstrate that individuals in target groups are being reached and are benefiting; for example, “percentage of patients achieving 95 percent adherence to ART (% target against baseline).”
3. *Impact indicators:* These measure changes in morbidity and mortality or the burden of disease in the target population that indicate that the primary objectives of the interventions have been achieved; for example, “Percentage of treatment failure among population taking antiretroviral medicines (% target against baseline).”

Multiple donors requiring monitoring and evaluation based on multiple indicators can be a huge challenge to recipient countries, however, because of the amount of time meeting these requirements takes away from already overstretched personnel. The Global Fund encourages its grantees to use existing systems for monitoring and reporting to avoid duplicate reporting whenever possible.

14.6 Securing donor interest

Health authorities should take the initiative to approach appropriate donor agencies regarding their interest in supporting specific program areas, such as essential medicines. Even at an early stage, a donor appreciates receiving a written proposal, however preliminary and general it may be, to determine if sufficient interest exists to proceed further.

Box 14-4

The Investment Partnership for Polio: An innovative financing mechanism

The Investment Partnership for Polio, comprising the World Bank, the Bill & Melinda Gates Foundation, Rotary International, and the United Nations Foundation, is a program to fund immunization of children in polio-endemic countries. As part of the partnership, the International Development Association created an innovative credit buy-down system in which the partnership “buys down” a country’s IDA loans after the project successfully reaches agreed performance goals—in this case, the completion of the country’s polio eradication program. In this way, the loans ultimately revert to grant funding. To fund the buy-downs, the partnership established a trust fund with USD 50 million. The first two countries to take advantage of the loan buy-down mechanism were Nigeria and Pakistan.

The buy-down mechanism is designed to enhance the efficiency of the IDA’s assistance in priority areas; to mobilize additional resources from other partners; and to focus the attention of governments, partners, and World Bank staff on clearly defined performance objectives. Ultimately, countries are rewarded for contributing to the worldwide effort to eradicate polio.

In Pakistan, the partnership approved two projects for USD 42.71 million in 2003 and for USD 74.27 million in 2006 to purchase the oral polio vaccine and help the country’s Polio Eradication Initiative. The number of polio cases decreased from 1,147 in 1997 to 31 in 2007. After the project was completed, a credit of USD 42 million was converted into a grant and written off for the government of Pakistan.

Sources: Investment Partnership for Polio 2003; World Bank n.d.

14.14 FINANCING AND SUSTAINABILITY

Information describing the level, duration, and type of assistance available, as well as the timing for presentation of proposals, is generally available at the country level through development banks, embassies, and offices of UN agencies. Table 14-1 lists major donors to international health and their websites.

As demand for assistance funds increases, donor agencies have become more selective about the project proposals they will consider. Proposals must meet general criteria regarding government policies and commitment, private-sector involvement, impact, and sustainability to satisfy the concerns of donors.

The conditions for assistance may require recipient governments to take steps toward reforming or even restructuring the health sector. Where pharmaceuticals are concerned, this requirement may mean profound changes in how the pharmaceutical supply is managed. For example, it may mean moving from a centralized government agency that handles all aspects of procurement, warehousing, and distribution to a system that limits central government involvement to coordination and supervision and delegates operational aspects to provincial and local levels or to the private sector.

Government policies

Project proposals must be consistent with the priorities of the recipient country and, most important, with the PRSP. Pharmaceutical projects should refer to official policies in this area, particularly if the country has a national medicines policy and action plan to improve the availability of essential medicines and to promote the rational use of medicines.

Government commitment

The commitment of the recipient government to the objectives of the proposal should be reflected in its assignment of staff, space, and equipment to these objectives. The external contribution is generally intended to complement the counterpart contribution, not the other way around.

Health care reform

Extensive health system reforms are under way in many countries. Their aim is to restructure the organization, financing, and provision of health services to achieve greater equity, efficiency, and quality using available resources. This reform often includes stimulation of competition and greater involvement by the private sector. Donors may require that pharmaceutical reforms be undertaken as part of health care reform. Thus, representatives of the health professionals' associations and of the local pharmaceutical industry may be included in the formulation of a project

and in the identification of strategies for its implementation. Private-sector involvement in pharmaceutical supply is discussed in Chapter 8.

In addition, several major global health initiatives, such as the GAVI Alliance, the Global Fund, and the U.S. President's Emergency Plan for AIDS Relief, have shifted some focus and funding from disease-specific activities to strengthening countries' overall health systems. Evidence indicates that these efforts have resulted in some successes, including increases in overall health financing and improved health system governance and accountability (WHO Maximizing Positive Synergies Collaborative Group 2009). In the area of pharmaceutical management, the accomplishments in HIV/AIDS programs, in particular, have enhanced the pharmaceutical sector overall in areas such as pharmaceutical development, procurement, and distribution as well as human resource and information management systems (Embrey, Hoos, and Quick 2009).

Impact

The expected impact of a project should be explicitly stated in the proposal; donors are wary of projects that simply propose to do more of what is already being done. They are interested in supporting initiatives that will noticeably change the status quo at the policy-making or operational levels or both. How will the project improve existing conditions? Will it result in an integrated and intersectoral program that will be more cost-effective than the present one? Although the effect of a single project may be difficult to quantify, an effort should be made to explain its expected impact.

Sustainability

Donors are increasingly interested in the sustainability of their investments. Even at the proposal stage, they want assurance that achievements will not disappear after external funding has ended. In numerous examples, project funds have been used unwisely to support unusually high salaries or luxurious offices; when the funding for these salaries and offices ends, so does the interest in the activities launched.

To prevent such backlash, project activities should be designed to be carried out as much as possible within normal structures and working environments. Also, arrangements should be in place before the project ends to institutionalize the project's achievements, that is, to provide the funds for the staff, infrastructure, and supplies required to continue the activities started. Special attention is required in projects that include the purchase of essential medicines as a central element: in these cases, financial mechanisms must be installed to ensure that the medicines continue to be available when external aid has ended.

14.7 Obtaining grants from private foundations

Private foundations are an important source of international assistance, especially for NGOs whose philosophies, missions, and values correspond with those of the donors. Foundations' procedures for reviewing and approving grant proposals and for overseeing grant-funded projects tend to be considerably more flexible than those of bilateral and multilateral agencies. Nonetheless, four important steps should be followed.

Step 1. Identify potential foundations

Funding groups and directories identify foundations of potential interest, describe the interests and funding priorities of individual foundations, and provide broad guidelines and criteria for application. Foundation websites often have a section with information for those seeking grants.

Step 2. Target selected foundations

Reviewing annual reports of the foundations under consideration for information about their programs, geographic areas of interest, monetary range of grants, and proposal guidelines is useful. This review can help grant seekers develop a list of foundations whose funding criteria fit their interests.

The development of foundation proposals takes time, persistence, and the cultivation of personal relationships: introduction to foundation staff, discussion of mutual areas of interest with program officers, and making a case for support are all necessary before a proposal is formally submitted.

Step 3. Develop proposal

A foundation proposal should generally include the following key elements. The guidelines for proposals will designate the page number limit.

- Description of the organization
- Problem to be addressed
- Proposed solution
- Statement of objectives and methodology
- Plan for project management
- Timeline
- Evaluation plan
- Budget

A cover letter summarizes the proposal and provides a strategic link between the proposal and the foundation's mission and interests. In addition, the letter makes a specific request for funding the proposed activities.

Step 4. Submit proposal and follow up

Foundations do not generally have deadlines for submission of proposals but review them on a rolling basis. Staff members look at the proposal whenever it is received to determine its compatibility with the foundation's current interests and priorities, its technical merit, and the financial and management capacity of the submitting organization.

If a proposal is deemed appropriate, the board of trustees reviews it for final consideration and approval. Meetings of the board are usually scheduled quarterly. The review process can take up to six months to complete.

When an award is made, the foundation presents a payment and reporting schedule to the grantee. Grant funds are restricted to those activities outlined in the proposal. At the end of each grant period, a narrative and a financial report on the specific use of funds are usually required.

14.8 Project formulation documents

Many donors follow a two-stage proposal process for new projects, requiring submission and approval of a project profile or letter of intent, followed by a more detailed project document. Donors may be willing to assist in preparing these documents, or governments may request assistance through local offices of WHO, UNICEF, or UNDP.

The project profile

The project profile or letter of intent should contain sufficient information for preliminary discussion and decision making. It should describe and reflect broad agreement within the government or the requesting organization regarding the problem to be solved, the proposed solution, and the estimated cost. Requirements to include at the project profile stage are the problem analysis, goals, objectives, and activities, including expected results and a time frame. Other elements can be outlined, and a skeleton budget should be included. Often, donors will require that the proposal show in-kind support from in-country partners. Quantitative information should be included, if possible. Annex 14-1 contains the instructions for submitting a letter of inquiry to the Bill & Melinda Gates Foundation.

All parties that may be affected or involved in the project must be included in early planning discussions to avoid the sense that a particular project belongs to a specific official or unit. Such an attitude discourages the participation of other individuals or institutions and limits the coordination required to ensure that project goals are pursued in an appropriate manner.

The project profile is submitted for review to the donor agency. Months may go by before a response is received. The response, even if highly positive, almost always contains

recommendations for changes or additions to ensure that the proposal complies with donor requirements, some of which, at first sight, may not seem relevant. The recommendations, however, should not be overlooked. More likely than not, they reflect a political decision of the donor country or institution that any project to be funded must address certain issues of national or global interest. The issues vary according to the source of funds, but common ones include environmental protection, the role of women, alleviation of poverty, and human rights.

Once the donor institution is satisfied that its concerns will be addressed in the project and confirms its support, the complex work involved in preparing the project document begins.

The proposal document

The proposal document is more detailed than the profile because it is intended to guide project implementation and to serve as the reference for monitoring and evaluation. It often serves as the legal basis for the commitments assumed by the donor and recipient.

Donor agencies usually require that the project design be systematic and comprehensive; many favor the logical framework approach, which is described in Chapter 38 and in the World Bank's *Logframe Handbook* (World Bank 2005). The Logframe uses a hierarchy of key elements to design the project—

- Project goals (development objective)
- Project purpose (immediate objective)
- Outputs
- Activities
- Inputs and resources

Like the project profile, the proposal document is submitted to the funding agency for review. Once donor comments and recommendations have been received and the recipient has satisfactorily responded, donor approval of the project follows. Disbursement of funds for each project year is approved after submission of an annual workplan, which should include an introduction, specific objectives and strategies, planned activities, and a budget.

14.9 Use of local and international consultants and advisers

Regardless of funding source, expert advice can be required at various stages of a project, such as design, implementation, specialized problem solving, and external evaluation. If the donor or recipient does not have the required expertise available in-house, the donor or recipient commonly contracts with outside professionals. In some cases, the donor

may require the use of an external consultant, to ensure that the appropriate technical expertise is applied and to provide a degree of independence from local political pressures. Recipients, whether governments or NGOs, may seek outside consultants who are respected for their technical or managerial competence and who can provide impartial input to overcome the objections of special-interest groups and support new or controversial initiatives.

Clear and early identification of what is expected from a consultant is crucial. This is done with clear terms of reference that define what is to be produced, a specific time frame, and supervision and reporting responsibilities.

Consultants' education and experience (qualifications) should also be spelled out. For a specific, highly technical, and short-term assignment, such as training government inspectors in good manufacturing practices, five years of experience as an inspector in a well-established regulatory agency, plus knowledge of the local language, may be sufficient. A consultant who will be managing a four-year project to develop a national essential medicines program should have extensive experience in similar projects internationally; counterparts in the host country will benefit from the consultant's experience in other parts of the world.

The process of selecting a consultant can vary from an informal interview for a short-term job to a highly structured process for a project manager or specialist who will serve for one year or longer. In the latter case, the donor, the host government, and any participating agencies often work together to advertise the search and ensure the prompt review of applications by a selection committee. Although a formal process may take six months or longer, it provides legitimacy and authority to those selected for key project posts. The hiring process needs to be transparent and competitive—all qualified consultants should be given an opportunity to compete for the position. The World Bank has guidelines on selecting and employing consultants (World Bank 2010).

The selection of consultants for specific short-term assignments (for example, advising warehouse staff on good storage practices) should be carried out in a much shorter time. This can be achieved with the cooperation of international and bilateral organizations such as WHO, UNICEF, USAID, and the Danish Agency for Development Assistance; they have rosters of specialized consultants who have worked with them and for whom they can provide references.

Government-to-government requests for expert assistance are also common and are promoted by international agencies through technical cooperation among countries (TCC) projects. In the TCC process, countries work together to develop human resources or technical capacity through cooperative exchanges, which may include experts or consultants. The expert exchanged is not a consultant *per se* but a professional who does the same job in his or her own country. Under a TCC project, the host government covers

travel and local expenses, and the cooperating government continues to pay the official's salary. Ideally, TCC activities should be managed by the governments with the participation of public and private institutions and organizations.

Joint consultancies with an international and a local consultant should be considered. They combine the advantages of the international consultant's insights from similar projects in other parts of the world and the local consultant's knowledge of the environment and local contacts. A positive side effect is the mutual transfer of knowledge, allowing both consultants to further their professional development.

14.10 Progress reports and evaluations

Donors' demands may increase as the project progresses, because funding officials need to know whether their investment is resulting in the positive changes envisioned in the project plan. Toward this end, donors may request a semi-annual status report and an annual report accompanied by a financial statement. Reports provide the project manager with an opportunity to describe the project's achievements, problems encountered and actions taken to overcome them, and any discrepancies between the original workplan and actual implementation. Any potential changes in project objectives should be discussed and approved in advance by the funding agency. As mentioned, efforts are under way to harmonize reporting requirements between governments and donors.

Project evaluation provides a structured environment for donor-recipient interaction, whether carried out midway through the project or as a final exercise. The mission of the evaluation team, which includes donor representatives, is to determine whether planned objectives were achieved and the reasons for successes and failures. The project document serves as the basic guide in this work, and the value of having developed clear objectives, clarified the assumptions and risks, and selected manageable indicators becomes evident. (See Chapter 36 for a more detailed discussion of indicators for pharmaceutical-sector assessment.)

Before the evaluation team arrives, the project manager should prepare a summary of major project accomplishments; the more specific it is the better. Arrangements should be made for evaluators to visit sites where project activities have taken place. Presentations on the results achieved should be made by those directly responsible for the activity or, better yet, by those benefiting from it.

Providing the evaluation team with information about achievements as well as difficulties that were overcome is in the project manager's interest. The government's commitment to the project should also be highlighted, in part by quantifying the administrative support and space provided and the staff and resources assigned. The most convincing

evidence is documented changes in government policies that would lead to institutionalization of the goals pursued by the project.

A favorable evaluation facilitates future discussion with the donor agency regarding extension of the present project or preparation of new initiatives. However, successful completion of the original project should not lead a recipient country to assume that continuing funding is assured and that an expanded or new project can be launched. A major goal of donor agencies is to promote greater self-reliance, and after a certain period of external support, donors expect recipients to absorb the costs for consolidating and expanding the gains achieved under the project. Donors' priorities also change, often for reasons that may have little or nothing to do with the recipient country. This further emphasizes the importance of staying up-to-date regarding what sectors and program areas are priorities for international development assistance. ■

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ASSESSMENT GUIDE

Sources and types of assistance

- Describe current development assistance received from international sources. Is the assistance provided through official development assistance or through bilateral agencies, multilateral institutions, NGOs, foundations, or public-private partnerships?
- Does the international assistance support national health priorities and programs? To what extent is it useful in catalyzing health system reforms that would otherwise be difficult to accomplish?
- Does funding coincide with a sector-wide approach to aid or does it follow a poverty reduction strategy paper?
- What types of international assistance are provided—for example, funds (loans or grants), commodities, technical assistance, training?
- When loans are provided, are they used for investment purposes rather than to cover recurrent health expenditures?
- Is the country eligible for the Debt Relief Initiative for Heavily Indebted Poor Countries?
- When the assistance is provided in the form of commodities, are purchase terms negotiated to ensure appropriate products, price, and quality?

Ministry of health involvement

- Have health-sector priorities been clearly articulated to support national development policies?
- Does the ministry of health take an active role in identifying sources and types of assistance and representing its interests to the ministries of planning,

external relations, and finance, which are likely to carry out negotiations with donors?

- Does the ministry of health facilitate the cooperation of multiple donors by communicating national policies and programs, inviting donors to participate in the development of a master plan, hosting regular donor coordination meetings, or giving periodic progress reports to donors?

Project development

- Are project proposals written in a way that is consistent with government policies, specifically the national medicine policy (if one exists)?
- Is government commitment reflected in the assignment of staff, space, and equipment to project objectives?
- Do project proposals include plans for monitoring and evaluating impact and sustainability and other issues of concern to donor agencies?
- Does each proposal include a description of the problem to be addressed? Are project goals, purposes, and strategies clearly stated? Are outputs, activities, and inputs specified?
- Are all involved parties included in project planning?
- Are external consultants employed in project design, implementation, or evaluation to provide specific technical expertise and independence from local political pressures? Has the consultant been hired using competitive and transparent procedures?

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Annex 14-1 Bill & Melinda Gates Foundation Global Health Letter of Inquiry Instructions

Formatting

Please use 10-point font and 1-inch margins. Page size must be set to U.S. letter standard 8.5 x 11.0 inches.

Instructions

Please provide the legal name of the organization that will manage the proposed project, the submission date, the project title, and the name and email address of the person who can answer questions about the proposed project.

General Questions

Please answer the questions to the best of your ability. Your answers to these questions will help the foundation to determine how to appropriately route your LOI for internal review and have no bearing on whether the foundation will decide to approve or decline your request. This section will not count against your four-page limit.

Response to the following sections is limited to a total of four pages

I. Project Purpose and Background

Describe the purpose of the project and how it will impact the health problem being addressed. Provide a brief overview of the prior work leading to your project. Describe how the proposed project relates to the broader context of ongoing activities in the field.

II. Project Framework

The foundation uses a modified logical framework model to help you present your project in a clear, concise, and logical way. The Project Framework is not intended to show every detail of the project or to limit its scope. It is simply a convenient, systematic summary of the key factors from which foundation staff will assess how your project aligns with foundation priorities. In the event you are requested to submit a full proposal the Project Framework will form the basis of your dialogue with foundation staff and you will be required to fully elaborate on the details of your plan.

Using the table provided, please build your framework accordingly:

Step One – Building from the top down

Strategic Area – From the list provided identify the foundation strategic area to which your project will directly contribute. If other strategic areas are applicable or secondarily relevant, please describe.

Project Goal – Identify the ultimate impact your project will have if you achieve your stated objectives. This should be a clear, singular goal.

Objectives – List a small number of objectives or major components of the project required to achieve the project goal and a brief summary of your approach to achieving the objectives. *In the event you are requested to submit a full proposal you will be required to identify the actual activities or tasks that will be needed to meet the stated objectives.*

Step Two – Working across the framework

Indicators of Success – What will success of the project look like? Identify the quantitative or qualitative ways of measuring or assessing: the impact of the project on the strategic area; progress toward the project goal; and progress toward achieving the stated objectives. Indicators of success can be either outputs or outcomes. Outputs are direct, tangible products or services of the project (e.g., reports produced). Outcomes reflect changes or benefits measuring the impact expected to occur as a result of the project (e.g., performance gains through application of new knowledge, health benefits). *Please note: you are not expected to quantify or specify specific measures at this time; only to indicate the methods that will be used.*

Monitoring and Evaluation – Identify the methods and sources by which you will measure and evaluate the progress and impact on the strategic area, project goal and stated objectives. *Please note: monitoring and evaluation may not be relevant at the strategic area level for your project.*

III. General Approach

Describe in general how you plan to approach this project. Provide a summary of the activities required to support achievement of the stated objectives.

IV. Major Assumptions

Describe any external factors that could influence the success of the project but are likely beyond your direct control.

V. Budget

Provide a preliminary project budget by the stated objective(s) and by year using the table provided. In addition, please indicate the total organization revenue for the most recent financial year. If applicable, indicate whether additional support (in-kind or financial) will be provided for this project by other organizations. All financial figures must be provided in U.S. dollars.

Please refer to the foundation's Indirect Cost Policy when building the preliminary budget. Projects chosen to submit a full proposal will be required to adhere to the policy.

VI. Organizational Experience and Collaborative Partnerships

Briefly describe the relevant experience and comparative advantage your organization brings to accomplishing the targeted objectives of the project. If the project will involve a consortium or collaborative partnership, please provide this information for each organization along with a rationale for your selection of collaborators. The rationale should include how the work will be distributed, how duplication will be avoided, and how the efficiency of the collaboration will be maximized.

VII. Certification

By submitting this letter of inquiry, you certify to the Bill & Melinda Gates Foundation that you are authorized to apply for this project on behalf of your institution.

Additional Information**Global Access**

A principal goal of most activities funded by the foundation within the Global Health Program is to ensure that innovations (and related rights) are managed and public health solutions are optimized for the purpose of facilitating (i) the broad and prompt dissemination of data and information to the scientific community (as further described below in the section entitled “Data Sharing and Publication”) and (ii) the access (in terms of price, quantity, and functionality) to affordable health solutions for the benefit of people most in need within the developing world. We refer to the goal of these two objectives as achieving “Global Access.” We believe that the achievement of Global Access is a critical component to achieving the fundamental aim of reducing health inequities in the developing world.

With respect to your proposed project, ensuring that disadvantaged markets and populations in developing countries can one day readily access or otherwise directly benefit from the intended health solutions, should they prove effective and be commercialized (as applicable), is of paramount importance. Similarly, the other results of your work, such as incremental technological advances or discoveries, as well as data and other information arising out of the project, may also ultimately prove critical to addressing global health concerns.

While the science is and will continue to be the principal focus of the foundation, an essential aspect of your work is to identify and shape the path forward in managing the complex technologies and collaborations, fostering the necessary relationships with various sectors of the global health community, and in developing the intended project outcomes – all in a manner that facilitates the furtherance of the Global Access Objectives. The foundation believes strongly that, regardless of the nature or stage of your project, reasonable steps can and must be taken to help assure that you and your collaborators (as applicable) have provided for the achievement of these objectives.

Data Sharing and Publication

The generation of new evidence-based knowledge, technologies and practices that will result in significant improvements in the health of the populations of developing countries are among the most important charitable goals of projects supported by the foundation. Recognizing the possibility of securing intellectual property, grantees will be expected to prepare findings for timely publication and dissemination. You must consider publication strategies that will maximize the probability of your work reaching both the scientific and civil society communities in the developing world. The costs involved with making data widely available may be included in the proposed budget and will be subject to review and approval.

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