

Financial Crisis Impact Assessment Tool for HIV/AIDS FinCIAT – HIV/AIDS (May 28, 2009 draft for comment)^a

AIDS Strategy and Action Plan Program (ASAP)

The world-wide financial crisis and economic recession will, according to projections from the International Monetary Fund, lead to a contraction in economies by about 5% in both developed and developing countries in 2009, the first such fall in 60 years. While the impact on individual countries differs, middle and low income countries that depend heavily on mineral and manufactured exports and worker remittances may see a substantial impact on funding available for their HIV/AIDS programs. This will be especially true for countries being asked to support an increasing share of expenses for prevention, care and treatment, and mitigation programs to fulfill their Universal Access commitments. A recent study by UNAIDS, WHO and the World Bank revealed that agency respondents in 31% of countries sampled, home to 61% of those receiving anti-retroviral treatment, expect the economic crisis to impact antiretroviral treatment programs within the next twelve months and 48% expect prevention programs to be adversely affected, especially for Most at Risk Populations (MARPs).

Countries are seeking technical support on how to assess their epidemics and current responses, and how best to revise their HIV/AIDS programs in light of the financial crisis. Within the framework of harmonization and collaboration in general and of the commitment of the international community to the Three Ones in particular, it is proposed that countries, donors and the suppliers of technical support discuss a common approach for assessing the impact of the crisis on HIV/AIDS that can be customized for individual country situations and enhance the ability of priorities. This note presents such a tool which could be used in the short term to identify trade-offs among changes in program activities, i.e., increases/decreases in prevention, care

Box 1: Reported Impact of the Global Crisis on National AIDS Programs

- **Budgetary cuts for HIV/AIDS.** One country has already announced a 25% cut in its HIV/AIDS budget.
- **Reductions in health budgets.** This could affect the ability to maintain salaries of health workers and cause shortages of drugs and other essential medical supplies.
- **Cuts in external aid.** In one small country, a cut of 75% was reported as a result of a fall in external assistance, and the Global Fund has asked Round 8 grant recipients to identify efficiency gains that would allow a 10% cut in funding requested, and 25% in the second phase of the grants.
- **Contraction of economic activity affecting the private sector.** In one country, large private firms have said they will continue funding AIDS treatment but will cut HIV prevention programs that are perceived to be ineffective.
- **Increased poverty.** If loss of income and increased poverty undermine people's access to adequate nutrition, they may discontinue their antiretroviral medication (which must be taken with adequate nutrition).
- Concerns are expressed that **job and income losses may lead people to exchange sex for money** to pay for basic needs.

and treatment, and mitigation programs. It could also be used over the longer term to focus on program efficiency and effectiveness. Ministries of Finance may find the tool useful as they consider how to allocate emergency funding being put in place by the international community to respond to the financial crisis.

The Financial Crisis Impact Assessment Tool for HIV/AIDS (FinCIAT – HIV/AIDS) is being developed by the AIDS Strategy and Action Plan (ASAP) service of UNAIDS as a contribution to this effort. It is expected that FinCIAT's form and content will evolve in response to comments and suggestions from users.

^a FinCIAT was prepared by Jonathan Brown, World Bank consultant, with input from Rene Bonnel, Joy de Beyer, Dominic Haazen, Nadeem Mohamed, Jan Leno and N'Della N'Jie. Comments on this draft document should be sent to: Jbrown3@worldbank.org. The ASAP service is hosted by the World Bank on behalf of UNAIDS.

FinCIAT follows the development over the last few years of two other self-assessment tools by ASAP – the SAT (Self-Assessment Tool) for assessing HIV/AIDS strategies and the OP-SAT (Operational Plan Self-Assessment Tool) for assessing HIV/AIDS operational plans.

FinCIAT is a six step, flexible approach that can be adapted for different country conditions and can be as general or detailed as conditions warrant. Its essence is to facilitate the process of identifying the top priority interventions that must be sustained during this period of constrained resources.

Step One – The Funding Status of the Current Strategy¹

As a first step, it is important to obtain: (i) an accurate picture **at a general level** of the funding status of the current program for the next few years; (ii) a gap analysis of secured or highly probable funding² by program area, so that decision makers and donors can consider the impact of existing or potential funding gaps; and (iii) priority funding commitments such as the obligation to continue funding for those **already** on treatment. For the years 2009, 2010, and 2011, total funding needs should be assessed for the major program categories³ as well as funding sources⁴ and unfunded amounts. *Figure 1* gives an example of the main categories for this step for one year which can be expanded in scope and time according to country situations.

¹ Most references to strategies also are relevant for operational plans.

² While it is “legally correct” that much funding is not 100% certain, either because a donor provides support on an annual basis or on the basis of certain performance criteria, certain assumptions may be made about international and bilateral donors in many countries; probably the greatest uncertainty of funding is from a country’s Ministry of Finance and from the private sector and other non-government sources.

³ Major program categories might be: (i) prevention; (ii) care and treatment; (iii) mitigation; (iv) surveillance; (v) monitoring and evaluation; (vi) coordination and implementation support; and (vii) other programs.

⁴ Major funding sources – a country’s Ministry of Finance, the Global Fund, World Bank, PEPFAR and other bilaterals providing substantial support for HIV/AIDS in the country – should be relatively easy to assess but it is also important to include estimations for the providers of technical support and contributions from individuals, the private sector and other non-government sources which in many countries are substantial.

Figure 1: HIV/AIDS Strategy Funding Status

| Program Category | Total Cost | Amount Funded | Funding Source | Gap |
|------------------------------|------------|---------------|----------------|-----|
| Prevention | | | | |
| Care/Treatment | | | | |
| Mitigation | | | | |
| Surveillance | | | | |
| M&E | | | | |
| Coordination/ Implementation | | | | |
| Other Programs | | | | |

Step Two – Estimating the Vulnerability of Funding Commitments

Once the current funding status has been established, an assessment should be made of the vulnerability of this funding in light of the current economic crisis. For example, in some countries that are being directly and seriously affected by shrinking GDP and/or government revenue, program categories that are most dependent upon domestic financing may be most at risk. Alternatively, programs categories that depend largely upon financing from specific development partners may be at risk if one or more of those partners have indicated that their financing may be reduced or redirected due to the current financial crisis.

Step Three – The Funding Status of Program Activities

Once the broad areas or potential risk have been identified, the next step is to focus on the details of program activities to assess the impact of the crisis on the realities of implementation; this step is essentially an elaboration of steps one and two and may not need to be done for all program activities. Step three is especially important in two situations:

- i. Within a program if there are funding shortfalls that threaten the overall program objective, or for key expenditure categories, such as salaries. As in the previous steps, this should be based on an analysis of sources of funding and their likely volatility. For example, in *Figure 2*, funding for first line drugs may be secured but if funding for other treatment inputs – salaries, testing and logistics, etc. is at risk, the entire treatment program could be at risk;
- ii. Where there are coverage gaps -for example, in a country where the evidence is conclusive that the epidemic is mainly driven by four Most at Risk Populations (MARPs) but funding for prevention for only two groups is secured, putting the other parts of prevention effectiveness at risk.

Figure 2: HIV/AIDS Strategy Funding Status

2009 ART Treatment Activity⁵

| Activity Cost Details | Total Cost | Amount Funded | Source of Funds | Gap |
|-------------------------|------------|---------------|-----------------|-----|
| Investment Costs | | | | |
| Health Centers | | | | |
| Warehousing | | | | |
| Lab Equipment | | | | |
| Operating Costs | | | | |
| Drug X | | | | |
| Drug Y | | | | |
| Staff Salaries | | | | |
| Test kits, reagents | | | | |
| Transport, logistics | | | | |
| Administration | | | | |

Step Four – Reprioritization and Reallocation

Once the overall funding situation is clarified and funding gaps for strategic priorities and within program activities identified, a process of reprioritization of programs and reallocation of funding can be started. The aim is to ensure that the highest priority program activities in prevention, care and treatment, and mitigation are fully funded, informed by the evidence of the epidemic and its consequences. An important element of this process is a detailed understanding of the sources of financing and the limitations of each, since funding from different sources may not be fungible. The resources from some financiers may have limitations on their use (dictated by timing or programming considerations), and may not be able to be reallocated, even if funding gaps for higher priorities activities are identified. It may be necessary to reallocate funds from another area, and then use the donor resources to cover that gap. For example, if it is found that there is a significant shortfall in funding for condoms and there are restrictions on the use of some external financing for condoms, it may be necessary to reallocate government money from, say, PMTCT to condoms, and then reallocate donor money to PMTCT.

An important part of this process is to gather information on program efficiency and effectiveness since there is considerable information globally on very different program unit costs across countries and within countries that are not explained by fundamental differences. Enhanced operational research within and across countries is particularly important.

There are different ways to approach prioritization. **Box 2** gives four examples, which can also be combined.

One approach that may be politically acceptable but is not recommended is an “across the board” cut in budgets. This approach is not based on the evidence on the epidemic; or on efficiency or effectiveness considerations.

Experience has shown that in times of financial scarcity, common types of reallocations may be made in the following areas:

- From low priority to high priority investments
- From general targeting to focusing more sharply on MARPs and segments of the general population more at risk than others
- Within donor-financed programs to higher priority activities with more immediate benefits and reducing overheads and expensive technical support that may be procured locally
- Within programs, expanding activities with proven efficiency and effectiveness that provide better value, while reducing inefficient or ineffective approaches

It may be helpful in the reprioritization process to request an external review to ensure objectivity and diverse views as through the “peer review process” offered by ASAP. The process of reprioritization and reallocation is as important as the substance of what is done since in a period of resource constraints, some stakeholders may receive more funding and many will receive less.

⁵ Treatment is used as an example – each program and activity can be assessed similarly.

Box 2: Four Ways of Selecting Priorities

A. “Informed judgment” (implicit criteria)

A preliminary prioritization may identify some actions among the full list of proposed activities as the “Urgent and Priority Agenda” on the basis of informed judgments of the team, after consulting with a wide range of stakeholders. The challenge in relying on informed judgment is to decide who should be involved in this process since a small group may not represent key stakeholders while a large group may not be able to prioritize sufficiently. And judgments are subjective.

B. Explicit criteria, with rating and weighting

A simple scoring system to rank activities and identify priorities in an explicit way may be used for example, using three criteria, with different weights assigned to reflect relative importance:

- **Capacity** (given a weight of 3)—the degree to which capacity is available to conduct the necessary preparatory activities and carry out the specific action effectively (or this might be a requirement for anything assigned funding for the current year)
- **Immediate Benefit / strong evidence of impact** (given a weight of 3)—the degree to which the action would provide immediate benefit to those at risk, orphans and vulnerable children (OVC), others who are vulnerable because of the effects of HIV or persons living with HIV, or for prevention, the extent to which there is strong evidence of impact/effectiveness
- **Long-term impact** (given a weight of 1)—the degree to which the action has the potential for long-term improvements in quality of life for PLHIV or their families, or for reducing HIV infection rates.

For each of the three criteria, activities may be scored on a scale set at 1 for low, 2 for medium, and 3 for high. Thus the maximum any activity could score is 21 (3x3 for activities for which there is good capacity + 3x3 for high immediate benefit + 1x3 for high long-term impact). Capacity, in this example, is given the same high weight as immediate benefit/strong evidence of impact, because no activity can achieve its potential impact unless there is capacity to carry it out. Alternatively, it might be a requirement of any activity to be funded in the current year. Countries with a severe HIV epidemic may choose to give greater weight to immediate benefits than to long-term impact (as in this example). The challenge with trade-offs between immediate and long-term benefits in HIV/AIDS programs is that long term benefits, such as prevention programs, may not receive sufficient priority.

C. Explicit Criteria (impact and feasibility) - Yes or No decisions

The reprioritization process may also carefully review all ongoing activities, and use a number of explicit criteria to identify high priority activities that should continue to receive support. Priority activities, for example, might have to satisfy all criteria such as:

- Is this an evidence-based activity likely to have an immediate impact on the epidemic?
- Does the country have the capacity to implement the activity?
- Is it fundable (does the country have or could it get the resources)?

D. Using “Goals” or other models to compare different allocations of resources

There are several computer (excel-sheet based) models that can be used to explore different ways of allocating available resources. Using best available country-specific and global data, they can estimate the effect of different resource allocations on program outcomes (such as numbers of people on treatment, number of infants protected through prevention of mother-to-child transmission, number of adult infections prevented. The best known and most widely used is the “Goals” model, developed and supported by the Futures Group. It covers prevention and treatment, and is periodically updated. More recently, several new models have been developed to explore treatment program sustainability.

Information about the Goals Model (and other models in the “SPECTRUM” suite of models can be found at www.futuresgroup.com. In particular, and for information on where to access the model and guidelines for its use, see <http://www.futuresgroup.com/software/GOALS/gflyer.pdf>

Step Five – Implementation

Countries have extensive implementation arrangements that can be used to implement the reprioritization/reallocation process. This process may require formal renegotiation of legal/financial agreements with the suppliers of technical and financial support. Once this is achieved, a process of changing program activities, reducing/ending some and increasing others, begins period of resource constraints, some stakeholders may receive more funding and many will receive less. Involving stakeholders in the process of reprioritization and reallocation is essential but challenging as illustrated by [Box 3](#).

Box 3: The benefits and challenges of stakeholder consultation

Stakeholders have valuable knowledge and experience to contribute to the reprioritization process. Consultation encourages ownership and healthy debate and allows a wide range of views and positions to be understood. At the same time, both national and international stakeholders (including donors and providers of technical support) often advocate for inclusion of views/activities that might not reflect the evidence of the epidemic.

The challenge is to strike a balance between reflecting stakeholder views and focusing on the drivers of the epidemic in a period of financial scarcity that requires budget adjustments. In the final analysis, while some compromises may be inevitable, the programs reprioritized and the budgets reallocated should reflect the realities of the epidemic and not just stakeholder interests and “the loudest voices”.

A good process of reprioritization /reallocation is based on the evidence – it is not a summary of consultation meetings.

In addition to reprioritization and reallocation, there are a number of other measures that can be used to provide more value for money in a period of financial constraints including especially: (i) better national coordination e.g. having procurement done within a framework of one coordinated procurement plan, and using procurement methods that will give the best value for money; and (ii) enhanced harmonization e.g. there are many ways that collaborating around “country” systems rather than parallel donor procedures can promote efficiency.

Step Six – Monitoring, Evaluation and Revision

A country’s monitoring and evaluation system of indicators and data gathering as well as evaluation needs to be revised “judiciously”⁶ to reflect the reprioritization/reallocation decisions with a special emphasis on: (i) tracking implementation of specific decisions; (ii) determining their impact on programs; and (iii) assessing changes in outputs and outcomes, and -- over time-- impacts. A country’s process of annual performance review – often the country led Joint Annual Performance Process (JAPP) – needs to focus on the

⁶ Since many countries are already challenged by too many indicators and monitoring and evaluation systems that are too comprehensive to work, revising the Results Framework for the financial crisis should be as limited as possible.

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procurement agreements for goods and services. The faster this is done the better, given the need to ensure full funding of essential activities

Box 4: How do Countries Adjust? The Case of One Country

The economic crisis in this country with a low-level, concentrated epidemic has resulted in:

- i. drug shortages and delays in drug delivery;
- ii. increased unemployment and loss of income leading to lower nutritional levels and ability to take antiretroviral drugs;
- iii. increased demand on public social services; and
- iv. reduction in the number of private physicians providing ART services.

Faced with a shortage of funds, the country is focusing on:

- Closer monitoring and accountability of drug procurement
- Better planning and forecasting of ART needs
- Substitution of generic drugs to reduce costs
- Rationalization of drug regimens
- Increased focus on adherence to keep people on first line drugs longer
- Mid-term evaluation of the health sector with presentation to Cabinet and the Prime Minister to assess possible re-programming

Countries with different epidemics may well need to take even more comprehensive actions.

ASAP Service Request

Countries and regional initiatives can request ASAP services by emailing:

Janet Leno
Global HIV/AIDS Program
Email: jleno@worldbank.org
Tel: (202) 473-4930

