



Independent observer
of the Global Fund

Rwanda's pioneering National Strategy Financing model improved Global Fund grant performance, says external report

In 2014 the Global Fund and Government of Rwanda entered into an agreement to pilot a result-based financing model for the Fund's three grants in the country (See [GFO Live, 11 February 2014](#)), a first for the Fund. The model, which has been named "National Strategy Financing" (NSF), leveraged Rwanda's track record of strong performance and clean management of Global Fund grants to establish a more flexible approach to the country's grants, namely through transferred grant management responsibility – from the Fund to the Government – and increased reliance on national financial systems and controls, with greater reprogramming flexibility for the Rwanda CCM and principal recipients.

As Rwanda Fund Portfolio Manager Mr. Osian Jones described it, the NSF model "laid down the foundation for a very different type of partner relationship between the country and the Global Fund."

The NSF model evaluation covered the years 2013 to 2017, and was conducted by [Euro Health Group](#), a Danish health consulting firm. The evaluation report was released internally in July 2018. No official public statements about the evaluation have – until now – been made by the Global Fund, the Government of Rwanda, or other stakeholders.

Commenting on the report, Rwanda's Minister of Health, Dr. Diane Gashumba, told Aidspan that she considered the most important outcomes of the National Strategy Financing for Rwanda to be the use of country systems, the related ability to continue achieving target results – by using national systems – despite a 30% reduction in the Global Fund's allocation to Rwanda, and ownership of the NSF model by in-country policies, strategies, processes and institutions at all levels.

In addition, the Minister said, the flexibility of the model allowed for accelerate decision-making, which

help the CCM and the Principal Recipient to take rapid decisions during grant implementation. One example of this was the decision to allocate some cost savings to indoor residual spraying and anti-malaria medicines when an increase in malaria incidence became apparent.

“Using country systems, with the Global Fund no longer separate to others, is inclusive – and this provides more visibility, accountability and sustainability for the country,” the Minister said. “However, it is a learning process, and we still have areas for improvement, specifically from communities to overall health-systems’ building blocks, to ensure we keep the gains but also cope with emerging challenges.”

Principles of ‘national strategy financing’

‘National strategy financing’ embodies the same principles as ‘result-based financing’. Chief among these is improved efficiency of donor financing. In a [press release](#) announcing the signing of the Rwanda agreement in February 2014, the Global Fund described the mechanism. “Rwanda and the Global Fund designed this new approach that is aligned with existing national systems and strategy, ties future disbursements directly to outcome and impact indicators, and lessens administrative burden and cost, in a framework of harmonization and mutual accountability.”

The core tenets of the Rwanda NSF model are:

- [Joint Assessment of National Strategies](#) (JANS) – reviewed, costed national strategic plans for all three diseases, which serve as the key reference documents for all programmatic decisions
- Annual funding decisions are based on performance against defined indicators and targets
- National systems (rather than Global Fund systems) are used for grant management, monitoring and assurance purposes
- Traceability of Global Fund resources in national accounts is maintained (“ring-fenced” funding), which mitigates risk for the Fund
- The Government of Rwanda must meet its counterpart financing requirements.

Rwanda was the first country to implement this approach with the Global Fund. The country was selected, “because of its track record of success in health program and financial management,” according to the [Global Fund’s 2014 press release](#). It is this combination of sustained strong health system performance and strong financial controls and oversight that opened the door to a less Fund-controlled approach to disbursing funds in Rwanda. The pilot process in Rwanda has generally showed promise, and is being continued into Rwanda’s current grant cycle, which began in January 2018.

The Permanent Secretary of the Ministry of Health, Dr. Jean Pierre Nyemazi, described his role (as CCM Chair) in the NSF process as ensuring a participatory process, ensuring the inclusion of Civil Society (who receive Global Fund funding through the Ministry of Finance and Economic Planning), and ensuring that the CCM exercises its oversight functions of all grant implementation, including reallocation approvals, review and reporting of results, and review of audit-relation actions implementation.

Mr. Jones, the FPM, suggested that while national strategy financing is not appropriate for all countries at this time, it may ultimately show itself to be an essential building block for program sustainability in many countries, before, during, and after transition from Global Fund support.

Key findings of the evaluation

According to a presentation made by Euro Health Group consultants, the NSF evaluation had four core objectives:

1. Determine the effect of the NSF model on country ownership and use of national systems.
2. Assess the effect of the model on program focus and prioritization to achieve better programmatic results and impact.
3. Determine the influence of the NSF model on investment decisions, value for money and transaction costs.
4. Document strengths and weaknesses of the results-based financing/national strategy financing model, lessons learnt and recommend areas of further improvement.

Country ownership

According to the evaluation report, the NSF model did well at promoting country-ownership of the Global Fund grants, primarily because it was, “fully owned and driven by in-country policies, strategies, processes and institutions at all levels.”

In addition to local oversight, the predictability and flexibility of grant funds was cited as key to a sense of country-ownership, as well as to better grant performance. Predictability comes from disbursements being linked to the achievement of targets and national plan, rather than from the absorption of financial budgets. And flexibility refers mainly to the ability of the CCM and Principal Recipient to reprogram and reprioritize the use of funds without the Global Fund’s prior approval, as long as the reprioritization aligns with the relevant national strategy and its operational plan.

The integration of the grants into prevailing national financial and program management systems has reduced or streamlined the administrative burden of Rwanda’s \$210 million in Global Fund grants. Some see this as playing a major role in improving the efficiency of Rwanda’s grants. The FPM noted the example that the country continues to make considerable progress on HIV despite overall reductions in available resources from donors to Rwanda for HIV.

Refocusing for better results

Of the 23 indicators, or targets, set for HIV (6), TB (10), and malaria (7), 17 were fully or almost fully achieved, while all 23 were considered to have been satisfactorily met. The report elaborated: “Although Rwanda is generally a high performer, the model contributed to sustaining the high achievements and to pushing the country towards universal coverage of testing and treatment with decline in funding.”

The evaluators attributed Rwanda’s high performance within the NSF, at least partially, to the flexibilities afforded by the model, whereby the country was able to use savings for rapid reinvestments in other high-impact interventions, as well as rapidly respond to changing circumstances. Examples of successful savings reinvestments included the procurement of hepatitis vaccines country-wide, renovation of maternity and radiotherapy centers, and the halting of an upsurge in malaria cases due to climate change and changes in mosquito behaviors.

Value for money

The evaluators concluded that the NSF model contributed to greater value for money by promoting greater efficiency in grant management and implementation. Two instruments are credited with having significant impact on the greater efficiencies: early planning, and joint planning and budgeting processes.

Early planning was enabled by the predictability of funding. For example, based on the reliability of funding forecasts, budget control managers were able to begin annual procurement planning up to two months prior to the start of new budget years. According to the report, “This created the opportunity to

prepare bids early, to negotiate the process well, and to ensure the delivery of the right goods at the right time, which also allowed procurement savings.”

‘Joint planning and budgeting processes’ refers to the improved ability of managers across the three grants to better coordinate their activities, and to share costs where appropriate. The evaluators reported several examples of this coordination, leading to savings which were then reinvested into other programs.

Health Minister Dr. Gashumba told Aidsplan that the model was designed to facilitate the country’s using efficiencies to advance progress in the elimination of the diseases, including prevention of mother-to-child transmission of HIV, and to broaden the scope of the fight against other co-morbidities, such as HIV and hepatitis comorbidities management.

In addition, evaluators noted that there was evidence that the model saved time for the PR, which led to reduced transaction costs, as well as reduced management costs on the part of the Global Fund.

Risks and challenges

The evaluators cited five key risks associated with the NSF model, which mostly concern the potential for bad-faith behavior at country level, such as using cost savings to offset domestic financing commitments or inaccurate program reporting. Nonetheless, the evaluators reported that, “These risks...have not been observed in Rwanda due to the existence of strong results focus and systems, governance and oversight mechanisms.”

The implementation challenges reported in the evaluation are typical of pilots, such as start-up issues, calendar and procedural inconsistencies between Global Fund and national systems, and some communication issues, among others. None of the challenges were insurmountable.

“The biggest challenge was that we were all learning by doing,” said Rwanda FPM Mr. Jones. He said the challenges that came up were mostly of a sort that could not be predicted, but had to surface organically through implementation. This was, in fact, the first attempt at such a model ever in a Global Fund context. “By implementing the model, we have learned, and we have fine-tuned.”

Minister Gashumba specified that challenges still included how to reinforce data collection and reporting mechanisms from community to central levels during a crisis situation (she cited the example of the recent spike in malaria incidence, declared in December 2015 by the Rwandan government and which led to the development of the Malaria Contingency Plan, a multisectoral approach in the fight against malaria including all involved Ministries,) as well as the dissemination and utilization of data results at all levels.

Notwithstanding the challenges, the evaluators concluded that “the model is functioning well.” They describe the model as “relevant,” “effective,” and providing good value for money. Rwanda appears to have been an excellent NSF pilot environment, as the Fund had hoped. “The success of the model in Rwanda is due not only to the strength of the design of the grant mechanism, but also to the existence of the necessary conditions for successful result-based disbursements,” said the report.

Lessons learned

The evaluators concluded that the NSF model is replicable, but not to all countries. Among a series of lessons learned for other countries, the evaluators laid out four essential criteria for countries to be considered for an NSF model. Countries must have:

- Sound and not over-costed national strategic plans
- Credible leadership and governance
- Functional and integrated health systems, including at the decentralized levels

- Credible monitoring-and evaluation and oversight mechanisms

Each of these criteria is open to interpretation. As such, the report recommends the Global Fund develop clear readiness-assessment criteria, and apply that to candidate countries.

In order to scale up the NSF model, say the evaluators, the Fund needs to develop and carry out the readiness assessments. In addition, the model should be revised so as to balance flexibility with independent verification opportunities, merge all grants for each component into a single grant (where multiple grants exist), ensure adaptability of the model to different country contexts, and fine-tune the guidelines on budgeting, legal, and compliance mechanisms.

Minister Gashumba emphasized that the success of a national strategy financing model needs multisectoral and multi-level collaboration, including, she said, “high-level political will; commitment and ownership of interventions by all actors/implementers; sector-wide consultations and involvement of other non-health sectors; close monitoring of implementation bottlenecks and building the capacity to foresee, prevent and sort them out; timely disbursement of funds and reporting; ensuring well-performing national systems [within] finance, M&E, procurement, PSM, etc.” Lastly, she said, it was critical to document best practices and challenges, and to publish these, to promote “learning by doing”.

The evaluators concluded that the model is working well at delivering results, enhancing efficiency, strengthening country systems, and contributing toward Rwanda’s effort to move to universal health coverage, while also saving time and money for the Global Fund. It has emerged as a true ‘win-win.’ Because of this success, it is recommended that the model be further piloted in other countries, but only in those that meet the necessary criteria.

[Read More](#)
