

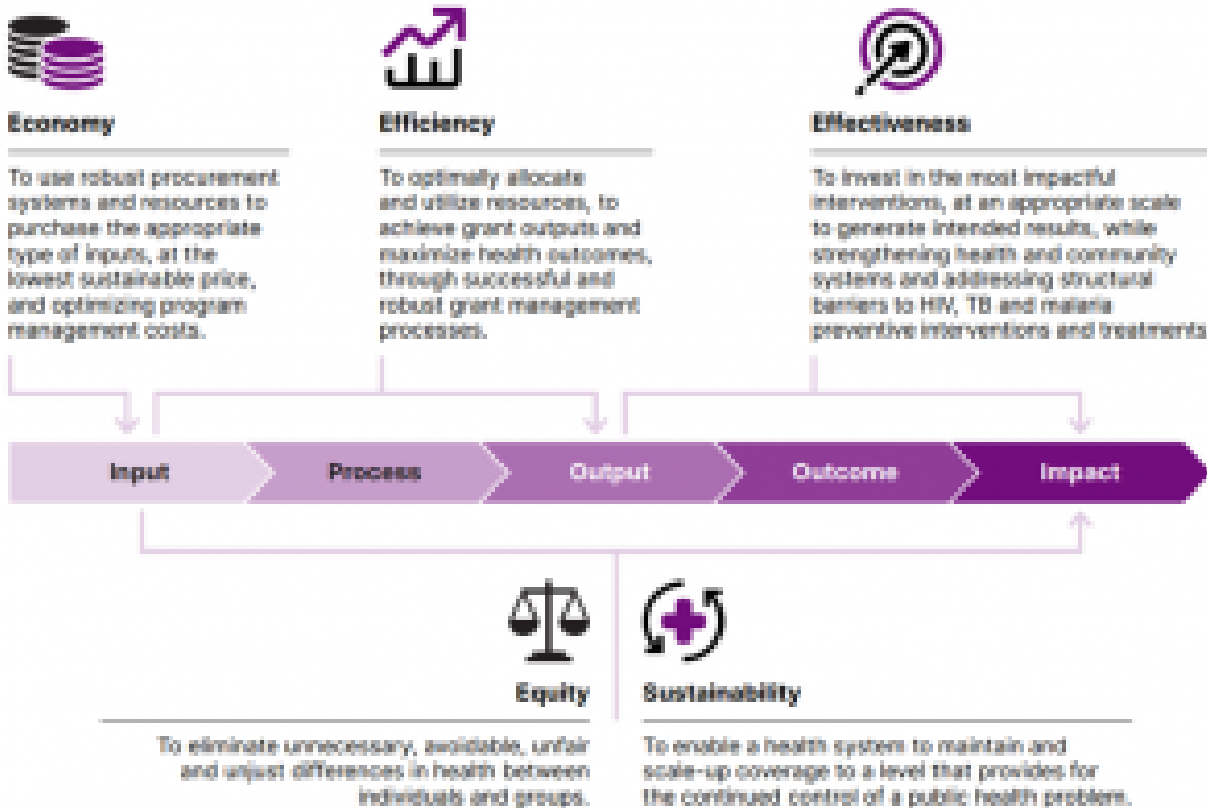


Buckle Up on Value for Money says the Office of the Inspector General to the Global Fund

Background

Value for money is an echo from Eco. Nope, nothing to do with ecology as in environment. Everything to do with economics. The discourse in the 1990s shaped the idea that [“financial management is key to prevent wastage of public resources that in turn hinders development”](#). So, when the Global Fund was asking for a third replenishment, one of [the value additions it offered to its partners in exchange for their funding was the Vfm](#) matrix (Figure 1) eventually presented to the Board in 2018.

Figure 1: The Value for Money Framework



The OIG Audit

Four years later, the Global Fund asked the Office of the Inspector General (OIG) to [assess](#) whether its VfM drive has had a smooth or bumpy ride and whether and to what extent the journey had reached its destination of making an impact with its investments in health and laboratory-related equipment.

What was under the OIG Microscope?

6 countries. 3 specific investment categories over 4 months (see Figure1 and 2 below).

Figure 1. OIG Audit of Global Fund's Achievement in Providing Value for Money

Country Selection and coverage

The OIG selected a sample of six countries, which were selected on the basis that they represented material investments across the three equipment types. Together, the countries selected 37% of the investments made in Grant Cycle (GC) 6 in the selected equipment types.

Type of equipment	Bangladesh	Malawi	Mozambique	Nigeria	Ethiopia	Uganda	Total for Sampled countries	Total investment in selected equipment types	% sampled of total GF investment
GeneXpert Equipment, cartridge and warranties	42	21	25	23	17	24	152	383	38%
Molecular platforms used for Viral Load and/or EID testing, reagents and warranties (apart from investments in GeneXpert, as already mentioned above)	-	42	-	8	7	18	75	212	35%
Chest X-ray Equipment and warranties	4	5	9	8	-	10	36	112	32%
Total	46	68	34	39	24	52	363	717	37%

(USD in millions)

Figure 2. OIG VfM Audit Rating for the Global Fund

Rating	Scope
Partially achieved	VfM audit period: January 2018 to June 2022

Report Card on the Vfm Framework

The Global Fund received an orange rating, which if this were a speedometer we're talking about, would indicate that yes, the Global Fund is good to go but needs to service its delivery engine and check for malfunctions vis-à-vis health and laboratory-related equipment portfolio. Plus, the fuel in the investment tank needs a VfM top-up. Some of the areas highlighted by the OIG in need of servicing covered the five indicator lamps of the VfM framework: "lack of detailed guidance to grant applicants on trade-offs" (economy); "no harmonized or regular reporting requirements on equipment utilization set at the country/grant level" (efficiency); "no methodology to evaluate how the investments are directly contributing to intended impact" (effectiveness); "inability to assess equitable access to diagnostic services across the Global Fund portfolio" (equity); and "lack of a clear definition" (sustainability).

The fundamental flaw the OIG identified is that while making the Vfm framework comprehensive and mission-driven the designers left the VfM engine idling in the first gear of funding and never moved up to the implementation and closure gears completely as far as specific material investments like health and laboratory equipment go. Whether or not the countries matched up to speed on VfM was never assessed at the pitstops of various departments of the Global Fund. This is because they were given general

instructions by the Secretariat but no role and responsibilities on who was to pick up the VfM tool kit. Besides, those in the driver's seat at the corporate level had no key performance indicators on whether they were reaching the VfM targets. The absence of coordination or structure in reporting was further compounded by the data limitations that punctured the VfM drive. This again happened because it was never factored in as a challenge while designing the VfM chassis in the first place! All of which flies in the face of the Global Fund's own Performance and Accountability model's emphasis on "a stronger focus on delivery and performance management."

A Missed Opportunity

One way of looking at the OIG Audit is that the Global Fund needs to crank up its performance in the way it goes about doing things in its health and laboratory-related equipment investment portfolio. But this applies equally to the countries as well. As per an AIDSPAN 2012 [survey](#) of Principal Recipients (PRs), historically there's been tension between Global Fund principles of giving discretion to countries on how funds are deployed (ownership) and a target-based approach (performance-based funding), which led to resentment among PRs about limiting performance assessment methodology to numerical measurements alone, for instance. So, the findings of the OIG Audit begs the question of why the Global Fund departments and the countries showed such a lack of initiative in writing up their own manuals to measure VfM during implementation and closure for this particular portfolio? The VfM Technical Brief, referred to by the OIG, already gave them the right of way to do so: the VfM's wheel balancing between its five complementary dimensions would have to take into account the country context, health strategies and health systems' capacity, disease trends and pitfalls, in-country budgets and external funding.

The VfM framework contains essentially quantitative parameters of health economics such as effectiveness and efficiency. Here, then, was the opportunity for countries to create their own pilot car of qualitative effectiveness and efficiency, select equity and sustainability as co-travellers, along with their own design of what else is needed for a safe journey and picking up data all along the self-charted route, smash through the barriers of the top-down approach to global co-financing. The civil society often left on the sidelines as global health initiatives just give them a wave as they vroom past could have also added their own chipset under the bonnet for a more community-driven alternative fuel engine.

And coming to the Global Fund key teams, and there are plenty named by the OIG – Grant Management Division, Supply Operations, Finance and Strategic Investment & Impact Division (Technical Advice & Partnership, Community Rights and Gender and Health and Finance) – one does not know what happened to make health and laboratory-related equipment lose its way on the VfM roadmap across them all. The Global Fund had already begun to buckle down on VfM within its own organisation. In 2022 through a Secretariat-wide Working Group it seeks to popularise the use of the VfM wallet at the corporate and grant level and its VfM Technical Brief has also been revised to support the Grant Cycle 7 grants in 2024. The Global Fund 2023-2028 strategy also specifically covers tweaking laboratory systems, supply chains and diagnostic capacity.

Value for money matters and everyone who is vying for a seat at the table and those already there and those in the back office need to recognise that lack of guidance, open-ended instructions without defined roles etc, are not necessarily something to be plugged with more detailed definitions, more checklists. In a leaner economy it's time to go lean in assessment as well and allow more leg room in how to thrust

forward on the parameters of value for money, for a start. And an example cited by OIG hints at it when it points to the lack of definition in the dimension of sustainability in the health and laboratory-related equipment investment portfolio. The OIG asks, does sustainability refer to buy-ins on customized models backed by a strong supplier network, or “investment in open platforms that do not lock in countries to specific suppliers”, or does it refer to how the investments move from the Global Fund feeder expressway to join the government highway? It is in these wide, open spaces that a new pathway can open up. Drive in.

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