



Independent observer  
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## THE GLOBAL FUND IS SUPPORTING STAKEHOLDERS IN MONTENEGRO TO DEVELOP A SOCIAL CONTRACTING MECHANISM

The economic growth of developing countries coupled with the slow recovery of the economies in developed (donor) countries after the recent economic crisis has changed traditional development assistance models. In recent years, a clear trend has been observed: funding from international and bilateral donors to middle income countries (MICs) for health-related responses, including for HIV and TB programs, has been decreasing. The Global Fund is no exception. Consequently, there is a widespread concern in middle-income countries (MICs) as to how to ensure the successful transition from Global Fund support of HIV and TB responses to national funding and the sustainability of such programs, especially those targeting key affected populations (KAPs). The majority of countries transitioning from donor support have mechanisms that allow governments to provide support to NGOs working in the social sphere. But in most cases, such mechanisms are not applicable to HIV and TB prevention services for KAPs. This problem, and other issues related to social contracting mechanisms, were discussed at a “Global Consultation on Social Contracting: Working Toward Sustainable Responses to HIV, TB, and Malaria Through Government Financing of Programs Implemented by Civil Society,” convened by the Open Society Foundations, UNDP and the Global Fund, which took place at the beginning of October in New York. A case study on Montenegro was presented. The country was described as having a positive and, to some extent, pioneering experience in developing an enabling environment for social contracting in a short time period due to the joint efforts of all key stakeholders involved: government, donors, technical partners and civil society. Aidspan decided to study this case in more detail.

HIV epidemiology, eligibility for funding, support provided

Montenegro is a low-HIV-prevalence country (0.02%) with a population of about 623,000 and an estimated 194 persons living with HIV. There is a serious risk of growth of the epidemic among key affected populations (KAPs), particularly men who have sex with men (MSM).

To date, the total Global Fund investment for HIV in Montenegro is \$8.8 million. This includes Round 5 and Round 9 grants, both of which had ended by June 2015. The functioning of the country coordinating mechanism (CCM) was supported by the Global Fund for two more years after that.

Having been classified as an upper-MIC with only a “moderate” HIV disease burden, in 2013 Montenegro became ineligible for further Global Fund support and did not receive an allocation for 2014- 2016. However, in 2016, Montenegro’s HIV disease burden categorization changed from “moderate” to “high,” which made its HIV component eligible again for the Global Fund support. In November 2016, Montenegro was allocated € 556,938 for HIV for 2017-2019. The Montenegrin CCM plans to submit its funding request by early 2018.

According to the allocation letter from the Global Fund Secretariat to the CCM, the allocation was conditional “on the functionality, in form and substance acceptable to the Global Fund, of a social contracting mechanism for engagement of non-governmental organizations, through which the Montenegro governmental institution(s) and the Global Fund will finance HIV prevention, care and support activities.”

#### Consequences of termination of Global Fund support in 2015

According to a [case study](#) conducted by the Eurasian Harm Reduction Network (EHRN) on the transition in Montenegro from Global Fund support, after June 2015 HIV prevention programs focusing on KAPS and being implemented by NGOs were reduced to a minimum due to the lack of funding – although a buffer stock of prevention commodities, such as needles and syringes, procured under the Round 9 grant, enabled the NGOs to extend service delivery to some extent. By the middle of 2016, two of the three needle syringe programs in Montenegro operated by two local harm reduction–focused NGOs, CAZAS and Juventas, had to close their doors.

After the end of the Round 9 grant, the government absorbed a significant part of the costs of providing HIV treatment, and diagnostic and opioid substitution therapy (OST) services, and it continued to fund general HIV prevention. However, the only funding available at a national level to support prevention services for KAPs was through revenues from the Commission on the Allocation of Games of Chance, but these revenues were not sufficient to provide comprehensive services to any of the KAPs.

#### New funding opportunities and related challenges

According to the EHRN case study, as a result of strong advocacy by representatives of local civil society and NGOs, Juventas in particular, at the end of 2015 the Parliament of Montenegro adopted a Law on the Budget of Montenegro for 2016. This Law allowed (for the first time) for funds, in the amount of € 100,000, to be allocated specifically for “non-governmental organizations who provide services for support to people living with HIV/AIDS and affected populations.”

Although this decision was made at the end of 2015, the call for applications was announced by the Institute for Public Health only in the last week of December 2016, due to some bureaucratic delays. The funding came from the National Health Insurance Fund, and the mechanism used to disburse the funds was a public tender issued in accordance with the Montenegrin Law on Public Procurement (with only NGOs being eligible to apply). Three NGOs – Juventas, CAZAS and the Montenegrin HIV Foundation – were awarded funding. Contracts were signed at the end of February 2017 and the funds were disbursed at the beginning of March. Juventas and CAZAS received funding for the provision of institutional support

for drop-in centers for people who inject drugs (PWID) and sex workers, and for the delivery of outreach harm reduction services among PWIDs, MSM and the Roma population. The Montenegrin HIV Foundation was given funding to provide psychosocial support to people living with HIV.

### Impetus grows for a new social contracting mechanism

Vladan Golubovic, Secretary of the Montenegrin CCM, told Aidspace that although the distribution of the allocated funding to NGOs through the public tender was successful, it became clear, for a number of reasons, that this mechanism is more applicable to private sector organizations. According to Golubovic, the onerous requirements for the application documentation, the sheer volume of paperwork, the requirement to provide a bank guarantee (which was one of the key challenges faced by applicants), the impossibility for NGOs to purchase the needed medical commodities, particularly syringes and needles – all of this made it evident that another mechanism was required, one that would be more accessible for NGOs and would have “a lower threshold.”

Another reason why a new mechanism was required was that an additional amount for 2017 – equivalent to € 100 000 – was allocated to support HIV prevention services among KAPs through NGOs, this time under the Ministry of Health budget. Yet another reason was that the funding for 2017-2019 from the Global Fund for Montenegro’s HIV component was tied to the development of a new social contracting mechanism.

“Montenegro’s re-eligibility for Global Fund financing is an opportunity to learn from the dynamic of the epidemic and to catalyze sustainable government funding for key and vulnerable population services, while developing a stable mechanism for operationalizing those funds,” Gyongyver Jakab, the Global Fund Secretariat’s fund portfolio manager for Montenegro, told Aidspace. “We expect that the funding request to the Global Fund will build on this country mechanism.”

### Working group established

In September 2017, a working group was established under the CCM to coordinate the process of developing a sustainable social contracting mechanism. According to its ToR (on file with the author), the members of CCM working group are representatives of the following institutions or organizations: the Ministry of Health, the Institute for Public Health, the National Health Insurance Fund, and two NGOs, Juventas and CAZAS. Among the expected deliverables from this group are:

- defining the needs and scope of services for calls for proposals;
- developing clear procedures and guidelines on social contracting for provision of HIV services;
- conducting a detailed legal assessment and analysis of the environment to support government contracting of NGOs to implement HIV treatment, care or prevention activities in Montenegro, and detailed recommendations to address potential barriers; and
- defining quality standards for service provision; minimal and optimal services and coverage packages; and costs for NGOs to provide the services.

Ivana Vujovic, Executive Director of the NGO Juventas, told Aidspace that the working group is expected to complete its work in early November. “The results of the working group should be approved by the CCM and adopted by MOH,” she said. “The mechanism should be put in operation by the end of this year, including the contracts to be signed, and the money to be distributed – all before the end of December, otherwise the funding allocated for these purposes for 2017 could be lost.”

The activities of the working group are being supported by the Global Fund through funding provided for the functioning of the CCM. To complete all these tasks, technical assistance (TA) is being provided to the CCM and the working group.

In May 2017, two NGOs, Juventas and CAZAS, received funding from the Open Society Foundations (OSF) to provide TA to the CCM. Juventas is responsible for developing of the rules and procedures of the NGO contracting mechanism, including the call for proposals and contracts (draft on file with the author). CAZAS is focusing on

building the capacity of NGOs and government agencies to participate in and manage social contracting. This includes the organization of a capacity building workshop, and a study tour to Estonia to learn best practices, etc.

In addition, the experience of implementing a social contracting mechanism in Croatia is being analyzed, with the experts from that country.

Another part of the TA is coming through the UNDP Istanbul Regional Hub in the form of consultant who is responsible for the legal assessment and analysis of the environment to support government contracting of NGOs to provide HIV services.

“The positive developments we have been seeing in Montenegro over the last year are a reflection of the extraordinary commitment and collaboration of government and civil society stakeholders in the country, Jakob observed. “We have been privileged to work in partnership with OSF and UNDP in supporting these ground-breaking efforts.

#### New version of the NGO Law

Another recent development (this past Summer) is the adoption of a new version of the NGO Law. As a result of the new law, proceeds from the Lottery Fund will not be available for NGOs anymore. Golubovic told Aidsplan that this was not considered a big loss as this mechanism was not very effective and was covering only a small portion of the NGO needs.

But the key change in the new law is the decentralized funding for NGOs on the national level. Ministries other than the Ministry of Finance can now allocate funds to support NGO activities in the priority areas, Vujovic told Aidsplan. To that end, the Ministry of Health, for example, is expected to undertake a “sectoral analysis” to identify the priority areas to be covered. According to Golubovic, this analysis should be the main instrument for the MOH to request financial support from the Ministry of Finance which makes decisions concerning the final allocations to each ministry for the coming year. (This decentralized approach was also adopted from the Croatian experience.)

The sectoral analysis for the MOH was done this year by the CCM secretariat. It should become the basis for the open call for applications within the new social contracting mechanism later in 2017.

“The planned budget for 2018 to support HIV prevention services among KAPs through NGOs is about €300 000 (when you combine funds from the government with those which will become available for 2018 from the new Global Fund grant) – which is three times bigger than in the previous two years,” Vujovic told Aidsplan. “The new law also provides more security for long-term sustainability because as it prescribes that 0.3% of national budget has to be used for funding NGO projects (an additional 0.1% is dedicated to protecting people with disabilities, and 0.1% is for co-funding EU-funded projects).”

The only problem, according to both experts, is that this new version of the NGO Law allowing ministries to allocate funding directly to NGOs will fully come into force only on 1 January 2018. So, it is not clear yet whether, regarding the € 100,00 for 2017, it will be the MOH that will announce the open call for proposals using the new social contracting mechanism, or whether it will be some other institution. Most experts believe that it will not be the MOH. But whichever institution issues the call will still use the social contracting mechanism.

“This is a great example of multisectoral cooperation in order to ensure the continuation of HIV prevention services for most-at-risk populations in country,” Golubovic told Aidsplan. “All the parties involved – from the Global Fund, OSF, UNDP and CCM to the governmental structures and NGOs – each of them has their specific role. I believe it is the best way to succeed for such work, you just have to go jointly, you have to go together, find appropriate allies and success is guaranteed.”

“This social contracting mechanism we are developing now – it will allow us to have a sustainable system of NGO funding in place and not to be dependent on any personalities in the government, Vujovic said. “This should allow NGOs to do their work every year without any interruptions.”

“The Government of Montenegro understands the need to ensure the access for key affected populations to the prevention services and the important role of NGOs in the provision of such services,” Nikola Antovic, the Secretary of the Ministry of Health of Montenegro, told Aidspace. “That is why Ministry of Health is fully supportive to the development of the appropriate social contracting mechanism to become a sustainable and long-term solution for ensuring the provision by NGOs of HIV prevention services to KAPs in Montenegro. Such progress on that matter within a short time became possible also due to the support provided by the Global Fund Secretariat and OSF as well as due to the active involvement of local NGOs into these processes.”

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