



Independent observer  
of the Global Fund

## What Exactly Is “Value for Money?”

The Global Fund is heavily promoting the concept of “value for money.” The Round 10 proposal form asked applicants to demonstrate that their proposed programmes represented “good value for money.” The Technical Review Panel (TRP) assesses whether proposed interventions represent good value for money when it reviews proposals.

But what exactly is “value for money,” as the Global Fund uses the term? In an information note issued when Round 10 was launched, the Fund defined “value for money” as “using the most cost-effective interventions” and “the optimal use of resources to achieve the intended outcomes.” In the information note, the Fund said that value for money does not mean the least expensive interventions, but rather those that have the biggest impact for the amount of money spent. “What is important to consider is the balance between cost and effectiveness.”

The Fund acknowledged that assessing value for money is a challenge. It said:

“While there are some short-term and fairly standardized components of VFM – such as the cost of commodities – other elements, such as quality and sustainability are more subjective and difficult to measure. ‘Value’, for instance, can often take years to materialise. It is therefore important when considering the value for money equation to evaluate both upfront costs and whole life-of-program costs and benefits. Given the central premise that Global Fund resources must be additional and, ideally, leverage other investments, both the short and long term elements of VFM need to be evaluated at the level of overall national program(s) to which the Global Fund grant contributes, in partnership with government and other partners.”

Confused? We would be if we were filling out the Round 10 proposal form, especially given that the Global Fund did not provide applicants with detailed guidance on how to measure value for money in their

proposed programmes, or any tools to help them do so. The Global Fund did acknowledge that good evidence on value for money may not yet exist in many countries. Fortunately, the Fund said that the TRP would not penalise applicants for not providing this evidence in Round 10.

This was the Global Fund's way of trying to introduce a new concept. It is clear that it is a concept that is still evolving. It is unlikely that in the guidance issued for Round 11, the Global Fund will describe "value for money" as broadly as it did in the above extract from the information note. The Fund is more likely to focus on simple, practical ways in which applicants and implementers can get "more bang for the buck," to use an English expression. (It means stretching one's dollar – or Euro, or whatever – as far as possible.) In an era of limited funding, this is not a bad thing.

According to a Global Fund source, the Fund is implementing the value for money approach at three levels: institutional, grant management, and service provision. At the institutional level, the approach focuses on minimising the operational expenses of the Global Fund Secretariat.

At the grant management level, the focus is on achieving savings in funded activities. This includes the so-called "efficiency gains" (although often they are just old-fashioned budget cuts) for proposals approved in Rounds 8 and 9, and for many Phase 2 renewals. In future, it will also include more rigorous reviews of grant expenditures to identify areas where economies can be made, greater efficiencies can be achieved, and impact can be maximised. The Global Fund says that improvements made to its reporting systems, including enhanced financial reporting (EFR), will provide the Fund with the necessary level and quality of data to support these reviews.

At the level of service provision, the Global Fund Secretariat has been working with partners to develop standardised methodologies for measuring unit cost data for service delivery of key interventions. On the Round 10 proposal form, applicants were asked to estimate "service unit costs" and to describe how they plan to measure such costs on an ongoing basis. The Secretariat apparently expects that having this information, and being able to compare between and among grants, will lead to greater efficiencies in the way grant funds are spent.

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